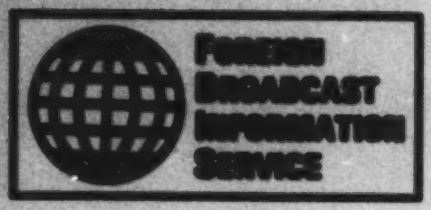

Daily Report

LAST ISSUE

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LAST ISSUE

Latin America

FBIS-LAT-96-140
Friday
19 July 1996

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Daily Report
Latin America

FBIS-LAT-96-140 | 19 July 1996

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Inter-American Affairs: Parlacen Views Decision on U.S. Law

PA1807132096 San Salvador EL DIARIO DE HOY in Spanish 17 Jul 96 p 43

[FBIS Translated Text] The Central American Parliament (Parlacen) has described as positive U.S. President Bill Clinton's decision to suspend for six months the effects of the Helms-Burton law, which calls for sanctioning foreign companies for having commercial ties with Cuba.

Parlacen Vice President Rodolfo Dougherty Lickens said that this temporary suspension has recognized the peoples' rights and their self-determination mandated in international treaties.

Dugherty Lickens said that the restrictive policy in which the Helms-Burton law is based will negatively affect economic development, contributing to increase poverty in Central American society, which constitutes a violation of the human rights of its population.

According to international dispatches, the resolution issued by Bill Clinton refers to suspending for six months Title 3 of the law. That title will permit U.S. companies to sue before U.S. courts European companies that invest in former U.S. properties in Cuba confiscated in 1959 after Fidel Castro reached power.

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President Clinton became a victim of his own mistake by approving in March this legal monstrosity, drafted by his political adversaries following the downing of two small planes bearing U.S. licenses that violated Cuba's airspace on 24 February.

Cuba: Media Coverage of Nation's Olympic Delegation Viewed

PA1907004196 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 17 Jul 96

[From the "NTV" newscast]

[FBIS Translated Text] Several U.S. news media have continued to cover the Cuban athletes since their arrival in Atlanta. Now, our colleague Rene Navarro has the following report straight from the headquarters of the centennial Olympic Games.

[Navarro] The Cuban athletes have made good use of their first 24-hours since arriving in this sports capital of the world. They carried out intense training sessions on Tuesday. In particular, our representatives in track and field, volleyball, boxing, and fencing gathered early this morning in their respective training rooms to begin their arduous training. Reports by prestigious television networks, such as CNN, NBC, or CBS in the past few hours have reported on the curiosity and respect that the people of this country feel for the Cuban athletes.

In addition, local and influential national newspapers have highlighted the presence of the team that took fifth place in the 1992 Barcelona Olympic Games. Athletes such as Javier Sotomayor, Ivan Pedroso, Omar Linares, Mireya Ruiz, and Ovana Fidelia Quiros are being followed by dozens of colleagues from the international media, who have filed requests for interviews with our delegation chief. The climate that is prevalent and noticeable here in Atlanta is one of a true universal party. It is a party that joins, embraces, and bonds the sports family from the five continents.

On a separate note, let us say that the facilities are functional and modern. They meet the requirements of the international federations. During our first tour, we were impressed by the Georgia Aquatic Center, the Omni Coliseum, the Olympic Stadium, and the World Congress Building.

To conclude, reports out of the Olympic Village have underscored that more than 6000 athletes from 120 countries have already arrived in the city that is congregating the best athletes in the world.

Cuba: TV Coverage Plans for 27th Olympic Games Detailed

PA1807230696 Havana PRENSA LATINA in Spanish 2231 GMT 11 Jul 96

[By Alejandro Gomez]

[FBIS Translated Text] Havana, 11 Jul (PL) — Cuban television plans to cover 250 hours (80 percent live) of the 26th Olympic Games from Atlanta. This is the second most extensive television coverage that a sporting event has received, surpassed only by coverage of the 11th Pan-American Games which Cuba hosted in 1991.

Roberto Gonzalez, a local television sports director, told PRENSA LATINA that Cubans will be able to enjoy watching Cuban athletes perform at the sports festival thanks to the efforts of his state-supported organization.

Gonzalez added that the extensive television coverage is also made possible through an economically favorable contract with an official member of the Ibero-American Television Organization (OTI).

OTI's channel will carry live and delayed broadcasts from Atlanta 24 hours a day. Cuba will rely on this channel for coverage of all events except baseball, coverage of which it will contract with an independent source.

Tele Rebelde will carry 16 hours of the Olympic Games every day from around 20 July to 4 August, focusing on coverage of events in which Cuban athletes will participate. Cuban athletes are determined to hold on to the fifth place showing that they achieved at the Barcelona games in 1992.

Gonzalez recalled great Cuban television coverage achievements in the past, including almost 300 hours during the 11th Pan-American Games in Havana in 1991, 120 hours during the Barcelona games in 1992, and 85 hours during the 12th Pan-American Games in Mar del Plata in 1995.

Gonzalez said that while Tele Rebelde will carry the bulk of the broadcasts, Cubavision will be used to offer viewers a choice between two events of great interest that happen to coincide.

Gonzalez said Cuba's reputation covering sports proved key in the decision to include Cuban announcers, videotape operators, and programming specialists in the OTI operations team in Atlanta.

Cuban television will also have a team of announcers and reporters at the International Broadcast Center (IBC) in Atlanta and in all the stadiums, Gonzalez said.

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Gonzalez added that approximately 20 reporters, cameramen, and technicians will work in Cuba to support this effort.

Cuba: Public Service Message Hails 'Olympic' Efforts

PA1807174196 Havana Radio Rebelde Network in Spanish 1155 GMT 18 Jul 96

[Public service message; from the "Doing Radio" newscast]

[FBIS Translated Text] Summer 1996, Atlanta: Hundreds of Cubans winning medals for an entire people!

Cuba: Thousands of inhabitants [crillos] winning future medals for the fatherland, cleaning up after the sugarcane harvest!

We are an Olympic people!

Cuba: Official Says Economy Will Survive U.S. Sanctions

MS1807092596 London FINANCIAL TIMES in English 18 Jul 96 p 4

[Interview with Vice President Carlos Lage, by correspondent Pascal Fletcher; date and place not given]

[FBIS Transcribed Text] However tightly President Bill Clinton turns the screw of trade sanctions against Cuba, the island's economy will not only survive but continue to recover and grow, said Cuban vice president Carlos Lage.

However, he acknowledged that the Helms-Burton law, introduced by Washington in March, complicated the prospects for economic recovery by slowing the pace of new foreign investment and increasing the financial cost to Cuba of external financing.

Mr Lage said in an interview this week that an improved 1995-96 sugar harvest and unexpectedly good results in tourism and nickel production had helped Cuba to achieve 9.6 per cent growth in gross domestic product in the first six months of this year compared with the same period of 1995.

"Even if the [Helms-Burton] law is applied with all possible force, I believe the nation has the capacity to maintain its recovery," said Mr Lage, who is seen as Cuba's top economic strategist.

He believed the economy would fulfil, and maybe surpass, a projected GDP growth target for the whole year of 5 per cent. This would mean economic recovery gathering pace, following announced growth of 2.5 per cent and 0.7 per cent in 1995 and 1994.

The seasonal concentration of the sugar harvest in the first six months of the year weighed heavily in the first-half 1996 growth figure.

But GDP still remained depressed from 1989 levels, showing the economy had not yet left behind the severe recession triggered by the collapse of trade and aid ties with the former Soviet bloc.

Mr Lage said that, regardless of how the Helms-Burton law was applied, its biggest evil was the way it sought to intimidate foreign investors in Cuba by threatening US sanctions against those judged to be "trafficking" in assets confiscated after the 1959 revolution.

Mr Clinton on Tuesday sought to placate US trading partners by imposing a moratorium of at least six months on the filing of suits under the law, but the threat of eventual action remained.

Mr Lage ruled out direct compensation settlements with individual US claimants to nationalised properties, saying Havana would prefer an overall government-to-government solution with Washington.

Cuba was pleased with the intense international condemnation that had greeted the US legislation, led by the EU, Mexico and Canada. Mr Lage said foreign companies operating on the island had been "practically unanimous" in their determination to stay.

"We believe that the law cannot halt the flow of investment... It might affect, limit or delay it, but not halt it," he said. He cited the fact that 25 foreign investment projects had been signed since the introduction of the US legislation, bringing the accumulated total in Cuba to around 240.

Asked about reports that some companies had withdrawn, Mr Lage replied: "There have been no withdrawals among those who are investing in Cuba."

On the reported pull-out by Mexican cement giant Cemex, he said another institution, not Cemex, was the real partner in a cement-producing venture in Cuba. "The joint company is continuing to operate and the investment in cement is continuing," he said.

But some financing flows had been interrupted as some foreign banks and companies moved to protect themselves by changing the way they operated in Cuba. This was the case of the ING Group of the Netherlands, which announced earlier this month that it would not continue a financing contract for two Cuban sugar-growing provinces. Mr Lage said that "by mutual agreement", ING had discontinued this contract but was maintaining its financing operations in Cuba.

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Protective restructuring moves prompted by the Helms-Burton law could effect the timing and final cost of foreign credits, which Cuba was already forced to obtain under onerous short-term, high-interest conditions because of the US embargo, Mr Lage said.

"Every measure that increases the US hostility against Cuba carries with it a greater cost for our nation. It raises the 'Cuba risk' factor and interest rates and makes negotiations more difficult," he added. This financing squeeze was a big difficulty for Cuba's recovery efforts.

Discussing the economy, Mr Lage said the 1995-96 sugar harvest produced 4,445,000 metric tons. Although this was 55,000 metric tons short of the official target, it still bettered by more than 1 1m metric tons last year's disastrously low crop of 3.3m metric tons.

Tourism, the fastest growing new sector, had also performed strongly in the first six months of this year. Tourist arrivals reached 494,000, an increase of more than 46 percent over the same period last year. Over the whole year, the tourist sector was expected to better its projected annual growth target of 25 per cent.

Nickel production up to June had increased by more than 30 per cent to 27,400 metric tons, indicating the island was on track this year to beat the 1989 production record of 46,592 metric tons. Industry, excluding sugar, grew more than 10 percent.

Cuba: Flotilla Raid Said To Have Had 'No Consequence'

PA1807131896 Havana Radio Havana Cuba in Spanish 0000 GMT 16 Jul 96

[Norberto Hernandez commentary; from the "Evening Information Review" newscast]

[FBIS Translated Text] The 13 July provocation near the Cuban coast was of no consequence. The small number of boats that sailed from the United States, escorted as before by U.S. Coast Guard vessels, stopped at a little more than 13 miles from the Cuban coast and withdrew a short while later without any consequences.

The Washington Government could have prevented this useless venture, which only helped its organizers collect some money from the gullible or the spineless who are afraid of reprisals if they refuse to contribute to these operations. The Cuban emigres in Florida and the rest of the United States long ago lost interest in this type of counterrevolutionary actions, useful only to those who have made a fortune with their subversive anti-Cuban campaigns, which the U.S. Government has always approved and to which it has offered its complicity, openly or covertly. If official circles were not at all interested in these dangerous provocations, they could have easily prevented these planes from taking off and boats from sailing and stopped or warned the gangsters of the Florida mafia who participated in this operation.

Cuba and the United States presently focus their attention on the fulfillment of the immigration agreements that stopped the illegal departures from Cuba to U.S. territory. Despite several incidents, like the recent hijacking of a Cuban plane forced to land at the Guantanamo base, the two governments have shown interest in honoring these agreements.

The imminent practical enforcement of the repudiated Helms-Burton law has reached a decisive stage. The U.S. Government has given no signs of changing its position, but sent warnings to several Canadian enterprises, like Sherritt International, which has important mining interests in Cuba, to pull out from the island. Sherritt officials have been warned that, when the law comes into force in a few days, they will not be able to get a visa to travel to the United States. The same threat looms over Mexico and other countries that have always held good relations with the United States and have historically been U.S. allies in war and peace.

Major U.S. media have asked U.S. President William Clinton to suspend or postpone the enforcement of the law's statutes that are most harmful to Washington's international relations until an alternate solution can be found for the situation about to become critical. The White House, however, has given no signs of understanding or accepting the suggestion. The situation is expected to be defined in a few hours and this definition could mark a momentous change in the U.S. foreign policy or introduce a more complex stage.

Cuba: Council's Lage Gives Code of Ethics Speech

PA1907032696 Havana Tele Rebelde and Cubavision Networks in Spanish 0059 GMT 18 Jul 96

[Speech by Carlos Lage, vice president of Council of State, at the ceremony during which the Code of Ethics of the Cuban state cadres was signed and delivered to President Fidel Castro Ruz and Army General Raul Castro Ruz; place, date not given; from the "NTV" newscast — recorded]

[FBIS Translated Text] Comrade Fidel, Comrade Raul, Almeida, comrades:

With the delivery to comrades Fidel and Raul of the Code of Ethics of the Cuban state cadres signed a few minutes ago by those of us who hold important responsibilities in directing the state and government, we have concluded the first phase of its analysis and debate, which will be extended to the intermediate levels now. We must understand and not forget that the

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economic battle must be waged through political ideas and that ethics, morality, and an exemplary conduct that are necessary to defend successfully the revolution's work and to maintain its principles and socialist values intact. Preserving socialism, among other things, entails preserving the predominant role of the state enterprise, achieving its efficiency, and preserving the morale of the cadres and revolutionaries. There is no socialism without morale. There is no socialism if our people do not recognize in our cadres the virtues that distinguish communists.

We have and are still going through an exceptionally difficult and tough period in the history of the revolution. During the past five years, all of us here present have lived one day after the other holding back the pain from seeing our people suffer as a result of material shortages and limited resources of all sorts. At times it even seemed impossible to prevent the paralyzation of the country. There was a time when beyond our borders the question was not whether we would resist but, rather, when and where we would be buried. Cubans know very well that the work of the revolution, the extraordinary virtues of our people, and Fidel's morale, earned during half a century of revolutionary combat, and his influence among the people derived from it have made possible what could be described without exaggeration as a political miracle: The majority of our people has remained united, has confidently accepted the strategy outlined, and was willing to face the most adverse conditions. We managed to resist, stopped the decline of our economy, and have begun its gradual recovery since 1995. The cadres of the revolution, with Fidel at the front, did not falter or become discouraged. It was not possible, however, to prevent the material deterioration and the political damage caused to an admirable and human task like very few exist, forged with blood for over a century and with sweat and blood for over three decades.

It is now necessary to consolidate the economic recovery and to strengthen the socialist morale. The efforts of the next few years are perhaps more complex. Although the trend to recovery continues, we have enormous financial commitments we must meet. We are experiencing the difficulties any developing country faces in today's world and the dangers derived from U.S. hostility as part of a selfish, corrupt, and demented foreign policy. The transformations that are part of the strategies for the survival of the revolution and the Cuban nation we have had to apply have introduced in our society contradictions and trends that are alien to the justice, solidarity, and modesty that socialism advocates. Although we knew we had to pay this cost, it is still inadmissible.

This is happening in a world to which we are growing closer where vice and corruption are not exceptions but are, in fact, weapons of our enemies against the revolution. Under the current and future condition of our economy, circumstances are created for a much greater number of cadres that could lead to various forms of corruption. We have the duty to strive henceforth to prevent at any cost that when we overcome the special period we find ourselves with a no less serious problem; that is, corruption, which is of the same nature as capitalism and, therefore, has no solution in that system, and yet it is alien to and incompatible with socialism.

Corruption in a socialist system can be controlled not by spontaneous generation but, rather, as a result of the conscientious action by the party, government, popular groups, and the people. Collective vigilance and control by the people are indispensable in this struggle. The corrupt person, the one who has been bribed, is a traitor to the fatherland and the people. If we look deep, we will find the antecedents for this in the expediency, vanity, and the belief that one deserves material advantages, the tendency to have privileges for oneself and one's relatives, and other weaknesses that must be uprooted like a weed the moment they crop up. Indiscipline, lack of exigency, conceit, feebleness, and the adamant justification of mistakes constitute weaknesses we cannot have within the revolutionary cadres.

In a period of transformations as the one we are going through, more than at any other time, discipline, collective spirit, respect for others, respect for supervisor, subordinates, and any other man or woman of the people are indispensable requirements without which we cannot successfully lead any task.

The close and permanent link with workers constitutes an indissoluble part of the ethics of a socialist cadre. No matter how high the responsibilities entrusted upon us may be, we must keep our ear close to the beat of the people. Devotion to work, total dedication, unselfishness, and generosity become indispensable. If one lacks modesty, if one does not lead an austere life, one is not a good leader in the socialist system. If each and every one of our direct subordinates and the comrade around us are not examples, we ourselves will not be examples. If we do not promote and demand that our families be examples, we ourselves cannot be examples either. We must strive every day to achieve it. Our children will benefit more from our example than from the material advantages we may provide them.

It becomes evident that in order to fulfill its functions, a cadre member requires certain means and conditions, and the state strives to make them available to him.

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Our people understand it but realize the limits to what any consideration of this kind must abide by. They are sensitive when a cadre member does not make the adequate use of those resources. The posts we hold mean only a high honor and grant us only the privilege of striving alongside our people for the revolution and socialism. A cadre member is a servant of the people, not the holder of power for his personal benefit; after all, nobody is forced to accept a post. If he accepts it, he must comply to his full extent with the rules imposed by duty and the commitment augmented in the labor, social, and familiar areas.

When I think of all these things, I always have present an idea of our commander in chief. Socialism is the science of example. We must be capable of securing the example of our cadres in order to guarantee the socialist future of our homeland. Capitalism demands results from its cadres. Socialism demands results but also sacrifices and virtues. We can leave behind the objective limitations of the special period, and we will, with a well defined plan and objectives, with determination, work, and intelligence.

Material problems are not the only ones that need a solution. We also must overcome the sequels a period such as this one and the one lying ahead inevitably leave or could bring. We know that the virtues history and the revolution have sown abound among our people, who are capable of taking the risks that circumstances demand. We know that we can count on hundreds of communists, hundreds of revolutionaries, and hundreds of patriots to replace any corrupt person. We have enough weapons to face this struggle. Our moral arsenal lies in our people's tradition of political and ethical culture, which stems from the roots of the Cuban nation. If there is one thing the revolution has been the result of and has carried forward, it is the ethical conscience that has promoted the radical changes that have transformed the life of our people.

Many things may have changed but never their ethical essence, because that essence was not a transplant or a graft; it has been one of the pillars of the revolution throughout history. Father Varela, identifying the path of independence as the only solution to our patriotic hopes, has repudiated the fact that there would be men on this soil who would put their personal interests before the ideals of independence. Luz y Caballero has taught us that duty comes before profit. Cespedes gave us an unforgettable lesson when he abandoned his properties and comfort, aware that his wealth would be consumed in the flames of struggle and that he could lose his own life for our independence. Marti, a fervent defender of human development and the value of virtue, has taught us that our homeland needs sacrifice, that it is an altar, not a pedestal, that it must be served and not used for our service. That awareness, instilled in our people throughout their struggle, was undoubtedly the source that has nourished the heart and mind of Mella and Guiteras, Camilo and El Che, of Fidel, and Raul. That same morale strengthens the lineage of people who with their sacrifice and work can overcome any difficulty that may come their way.

The special period has purged our ranks. Some weak and self-seeking individuals have preferred to cover their bodies with cheap clothing instead of their souls with virtues. In reality, there have been only a few, but it is good and wise to take preventive measures. We cannot let the evil spread, and to prevent that, we must be aware that the struggle is long and difficult and that we must fight every day. Obviously, that battle cannot rest on spontaneous mechanisms or in rules that are unnecessary.

It is necessary to strengthen the political work among the government cadres at all levels. We must appeal to their morale and conscience; that is not only the party's responsibility. It is also the responsibility of each minister, each president of a council of administration, of all of us who have accepted a responsibility. We must alert each other and ourselves of the danger lying before us and prevent our comrades who have been and are willing to shed their blood in the many difficult times of our history from being carried away by circumstances and, perhaps, out of naiveness be annulled in future battles. We must know without example, firmness, or honesty that a socialist revolution can be destroyed from inside without any war. The revolutionaries can become agents of that destiny if they allow their weaknesses to accumulate. We must preserve the revolutionaries we have been and want to be.

Marti told us that governing is nothing else than previewing. When it comes to revolutionary ethics, we cannot make concessions. We must be even stricter toward moral faults than administrative mistakes; this will prevent future evils and risks and will also make having to implement administrative and juridical measures less frequent.

The code we signed today is not just another document among the many papers we inevitably handle. Its real purpose is becoming a reality and will be reflected in our actions. True, successive generations of Cuban revolutionaries did not have a similar guide in their knapsacks or portfolios, but that did not prevent them from following an ethical code on which their conduct was based, many times up to the last consequences.

We know that this code is not a law or disciplinary rules. There are, however, immoral actions that are not

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considered crimes according to the law and which do not violate disciplinary rules, the effects and consequences of which are more harmful and many times irreparable.

Let us embrace and adopt as our own the ethics of the revolution, and let's not abandon, not even for a minute, the morale of socialism. Let us make sure that morale of the revolution's cadres will always be a matter of pride for our people and an example to the world. Socialist fatherland or death! We will win! [applause]

Cuba: Ministers, Ranking Officials Sign Code of Ethics

PA1807123196 Havana PRENSA LATINA in Spanish 0250 GMT 18 Jul 96

[FBIS Translated Text] Havana, 17 Jul (PL) — Ranking government officials here today signed a code of ethics that endorses the moral and behavioral principles that should be upheld by Cuban state officials. This code of ethics will also be extended to every level of leadership in this country.

The official ceremony was presided over by Cuban President Fidel Castro, the members of the Council of Ministers, the heads of the provincial governments and of the central organizations, who signed this code, which "is neither a law nor a disciplinary regulation, but rather a document that reflects the revolution's ethics and the morale of socialism."

Vice President Carlos Lage gave this definition. Addressing this ceremony, he urged Cuban leaders to become examples of austerity as well as the people's servants and not to usurp power for personal advantage.

Lage stated that socialism is the science of example, quoting Fidel Castro's words. Meanwhile, he warned that corruption is increasingly becoming the enemy's weapon against the Cuban Revolution, and it can be controlled not by spontaneous generation [generacion espontanea], but rather through the determined action of leaders and all of the people.

He pointed out that the signing of this code by the main cadres of the state management initiates the first phase of a process that seeks to renew the government's working methods and objectives.

Regarding the economic struggle that Cuba is faring, he underscored the need to preserve the power of the state enterprise and its efficiency. He pointed out that the nation has achieved the political miracle of keeping the people united and willing to face the most adverse economic conditions.

Once the economic deterioration is halted, Lage stated, it becomes necessary to consolidate recovery and to strengthen the socialist morale. He handed this document over to President Fidel Castro and to Army General Raul Castro, first vice president and minister of the Revolutionary Armed Forces, both of whom signed this code.

Cuba: Castro Asks To Sign Document on Code of Ethics

PA1907035496 Havana Tele Rebelde and Cubavision Networks in Spanish 0117 GMT 18 Jul 96

[Speech by President Fidel Castro Ruz at the ceremony during which the Code of Ethics of the Cuban state cadres was signed; place, date not given; from the "NTV" newscast — recorded]

[FBIS Translated Text] Comrades: Having to hear another speech was not in the program, but I want to explain and request something. I can speak louder. I think I am a little too far from the microphone. As I said, I was not supposed to deliver another speech, nor is it my intention, but I want to explain and request something.

The comrades who have organized this activity, who in general have worked for a long time in the drafting and carrying out of a collective analysis of the code apparently felt it was not necessary to include us in the list of signatories. Perhaps they took into consideration the fact that Raul and I would be receiving this code with the signatures. Perhaps they also took into consideration our long history of revolutionary struggle during which we have been guided invariably by political, revolutionary, and ethical principles. We feel sad, however, not to see our names in this historical document; therefore, Raul and I, as high officials of the state administration, both request the honor of also signing it. [applause]

Cuba: Nation To Begin Testing AIDS Vaccine in Sep

PA1907033696 Havana Radio Rebelde Network in Spanish 1155 GMT 16 Jul 96

[From the "Doing Radio" program]

[FBIS Translated Text] Today, after 10 years of intensive research, Cuba's involvement in the biotechnological revolution is showing encouraging results. Today, the country exports biotechnological products to some 20 countries. This generates great benefits for our economy.

Thanks to the work done by the Genetic Engineering and Biotechnology Center, all of our country's intensive care units have the recombinant streptokinase, which is

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effective against heart attacks. The center's work has also benefited our population with other medicines and the epidermic growth factor, interferon, and the transfer factor, which are used in health care facilities.

One of the research group's greatest goals is to obtain an AIDS vaccine. This is a project in which several of the country's scientific institutions are participating. In September, an experimental AIDS vaccine will begin the first of four clinical phases, which it must undergo, to determine its true effectiveness in human beings. Each one of these phases may last one year or more.

Cuba: Raul Castro Sends Message to Segundo Frente

PA1907001696 Havana Radio Rebelde Network in Spanish 1700 GMT 15 Jul 96

[From the "National Radio News" newscast]

[FBIS Translated Text] Army General Raul Castro Ruz sent a message to residents of Segundo Frente, on the occasion of the party's assessment meeting in this municipality, which won Santiago de Cuba's emulation campaign to achieve the honor of hosting the 26 July celebration.

Raul Castro's message was delivered by Juan Carlos Robinson during the public introduction of the Party's municipal committee in Mavari's park. It asks the people to increase production in the province, and preserve its mountains as strong pillars of the Revolution.

In response to Raul's call, Comrade (Rolando Veliz), the Party's new elected first secretary in Segundo Frente, read a letter addressed to the province's former commander in chief. Among other things, the letter said:

[Begin (Veliz) recording] All communists in Segundo Frente are committed to achieve higher economic growth, positive results in the political and ideological work, improve the people's standard of living, and consolidate the defense, to attune to the missions that we must carry on as a mountain front. You can be sure that Segundo Frente will continue to be prosperous, relentless, worthy, pure, and indomitable. A hug from your people in Segundo Frente. [end recording]

The beginning of the coffee harvest in Santiago de Cuba was announced during the Party's assessment meeting, which was presided by Politburo member Maria de los Angeles Garcia.

Cuba: Felton Power Plant To Supply Eastern Provinces

PA1907032296 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 16 Jul 96

[From the "NTV" newscast]

[FBIS Translated Text] Today, the Felton Power Plant, in Mayari Municipality, Holguin Province, has begun to stably produce 250 megawatts per hour. Even though the plant's electric output does not form part of the country's electric output plan, the 250 megawatts that it is currently producing are linked to the national power system.

This is the first of the two units that are projected for the Felton Plant, whose output fundamentally benefits the eastern provinces and will contribute in some degree to the electric power service's stability in that region. The plant will be the country's second largest electric power supplier, and thanks to its efficiency will save 30,000 metric tons of fuel per year.

Cuba: Thermoelectric Plant Meets Technical, Economic Goals

PA1807142296 Havana Radio Rebelde Network in Spanish 1700 GMT 15 Jul 96

[From the "National Radio News"]

[FBIS Translated Text] Cienfuegos' Carlos Manuel de Cespedes Thermoelectric Plant achieved its technical and economic goals by the end of the first semester of 1996, and showed high efficiency, when it surpassed production goals by over 7 percent.

The plant saved 2,211 megawatt/hour — equivalent to 3,600 metric tons of crude — due to reduction of overconsumption, and the complete overhaul of Japanese unit number three that produces 158 megawatt/hour for repairs.

Engineer in Chief Carlos Resero announced that Czech unit number one, which produces 30 megawatt/hour, but has been off line for many years due to deterioration of the cylinder, will be incorporated into the national energy network during the current semester.

Everything indicates that all four generators, which can produce over 385 megawatt/hour and were installed before the Cuban Revolution, will be operational at the Carlos Manuel de Cespedes Plant at the beginning of 1997.

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Cuba: Party's Municipal Assemblies End in Las Tunas

PA1807142196 Havana Radio Rebelde Network in Spanish 1700 GMT 15 Jul 96

[From the "National Radio News"]

[FBIS Translated Text] (Micael Enamorado Vaser), first secretary of the Las Tunas Party in Las Tunas province, summed up Las Tunas Party's meeting, which assessed the most crucial political, economic, and social issues in the province, stating that the party assembly's delegates from the province's eight municipalities contributed to the debate with their critical, refreshing, and winning views.

(Vaser), who is also a member of the party's Central Committee, acknowledged that food production improved, however, he highlighted the commitment to meet the people's needs, and said that the accomplishments are only the beginning of the long road ahead.

The party's leader stated that motivation because of the city's 26 July bicentennial and the Provincial Party Assembly, must also encourage the people to improve work places and houses. He also stressed the need to expedite construction work to expand the province's cold-storage plant and build the water treatment plant that will supply drinking water to Las Tunas.

Cuba: Politburo Members' Activities Through 18 Jul

PA1907042096

[FBIS Report] The following is a compilation of reports on the activities of Cuban Communist Party Central Committee Politburo members monitored through 18 July.

Abel Prieto Jimenez and Roberto Robaina Gonzalez attended a ceremony held at the Foreign Ministry to present a book by Olga Miranda Bravo on the Cuban Government's nationalizations and the U.S. blockade. (Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 12 Jul 96)

Carlos Lage Davila will present this afternoon the Expo-Cuba '96 awards. (Havana Radio Rebelde Network in Spanish 1700 GMT 12 Jul 96)

Pedro Ross Leal presided over a plenary meeting by retirees of the Cuban Workers Federation in the municipality of La Habana del Este to discuss a plan to meet the needs of Cuban retirees. In his conclusions, Ross Leal referred to the opportunities retirees have today and added that this meeting was characterized by love, patriotism, and socialist spirit. (Havana Radio Reloj Network in Spanish 1930 GMT 14 Jul 96)

Jose Ramon Machado Ventura presided over an assembly of the Communist Party of Cuba (PCC) in Santa Cruz del Sur. Machado Ventura told "NTV" newscast that approximately 100,000 young workers and militants joined the ranks of the PCC over the past four years. Machado Ventura noted that this figure has been on the rise since 1992 and stressed that this growth has been reached without making more flexible the requirements to join this organization. (Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 17 Jul 96)

Cuba: Roundup of Reports on Youth Summer Activities

PA1807134896

[FBIS Report] The following is a roundup of reports on the Cuban government's youth summer activities program.

Today, five youth centers (ludotecas) were inaugurated at the culture centers in the following municipalities: La Habana Vieja, Plaza de la Revolucion, Arroyo Naranjo, Diez de Octubre, and Marianao. These centers were designed to provide the collective use of toys and to learn educational games and new interpersonal relations. The inauguration of these youth centers mark the 2d Pioneers Congress and hopes to help children enjoy their vacation as much as possible. An unidentified speaker revealed: "The Cuban Government is painstakingly working to open in Havana City no less than 30 youth centers, that is, more than one per municipality. As of September, we will undertake this project in the remaining provinces." (Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 15 Jul 96)

The Central Computer Center in Centro Havana in the capital has put up a sign inviting youths to enroll in its summer programs. Concerning summer activities, Mildred Gonzalez, head of the Electronic Department of the Central Computer Center, noted: "We are offering two-day computer courses, mainly for youths under 15. This is a very useful choice, because not only will the youths have a good time, but they will also learn a lot and our specialists are ready to help them have a pleasant vacation." (Havana Radio Rebelde Network in Spanish 1155 GMT 15 Jul 96)

The general restoration of the Ernesto Che Guevara Central Pioneers Palace, located in Lenin Park, is almost ready for the commemoration of the Pioneers Congress. Freddy Del Toro, assistant director of the Central Pioneers Palace, said: "As it has been disclosed, the delegates will arrive on 18 July and eight work commissions will be set up on 19 July. The facilities, mainly open areas, where the kids will hold their

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discussions have already been decorated and fixed up to make the kids feel comfortable." This edition of the pioneers segment also features children's songs and games, as well as young reporters from several points of the country speaking about the Pioneers Congress, international kid news and pioneers' issues. Radio Rebelde was first observed to carry this five-minute segment dubbed the Pioneer News in its daily "Doing Radio" program since 1 July, when it was announced that "they would carry it throughout the entire vacation period." (Havana Radio Rebelde Network in Spanish 1155 GMT 16 Jul 96)

On Thursday morning, the hosts of the 2d Pioneers Congress will greet delegates from all over the country at Havana's train terminal. On this occasion, the Jose Marti Technical Military Institute has been selected to lead this congress. The inauguration ceremony will take place at the 13 March Park on Thursday afternoon. On Friday the 19th, the participants will begin their work commissions at the Central Pioneers Palace. On Saturday, the Pioneers will hold their plenary session at the Convention Palace and on Sunday, they will hold a festive ceremony at the Plaza de la Revolucion. The children will hold this congress after several months of reflection in their local pioneer organizations. According to Barbara Cantero, a member of the Presidency of the Jose Marti Pioneers Organization, the pioneers have completed an analytical process, in which they explored internal aspects of their organization and its problems. Cantero remarked: "Many youths have aired their concerns regarding such issues as the work-study option, sports, cultural programs, special programs for teenagers and other aspects linked to the pioneers' facilities." (Havana Radio Rebelde Network in Spanish 1700 GMT 16 Jul 96)

Lenin Park, which spreads over 54 caballerias, offers more than 36 sites, including kiosks and the typical larger areas. On Sunday, the day of the children's festival, Lenin Park representatives will be at the Plaza de la Revolucion providing information about the park's cultural and recreational activities. In addition, they will speak about the special services Lenin Park has to offer the population. On this day, Lenin Park will promote animated shows, a hula hoop festival, and rope jumping, among other activities. Lenin Park Director Francisco Cairo pointed out: "At the request of the government and the Communist Party in Havana, the activities to mark the end of the children's summer vacation will be held at Lenin Park. These activities will be staged in four main points: the stadium, the pool complex, the amusement park, and the riding club. (Havana Radio Rebelde Network in Spanish 1155 GMT 17 Jul 96)

Haiti

Haiti: Chamber Votes on 4 Articles of Retirement Bill

PA1907022696 Port-au-Prince Tropic FM in French 1100 GMT 18 Jul 96

[From the "First Current Events Point" newscast; passages within slantlines in Creole]

[FBIS Translated Text] Concerning the privatization issue, four of the 23 articles of the bill on the early retirement of the state employees were voted at the lower chamber on 17 July. The Economy and Finance Minister Fred Joseph defended this bill during a very informal session. Furthermore, Minister Joseph asserted that he will remain permanently at the Parliament in order to reach the vote of this bill. Apart from the session, the minister said at the microphone of Roger Damas that he is very optimistic.

[Begin recording] [Joseph] /We are moving forward. We have voted four articles today. This is already a considerable step. We wish things will go faster tomorrow so we can finish./

[Damas] /Will you be there?/

[Joseph] /Yes, I will be there. I will be there while the law is being voted./

[Damas] /[Words indistinct] you to bring a report on the dismissals that have been made. Do you think this deadline will be respected?/

[Joseph] /Yes, it will be respected. It is not a deadline for us to bring a report. We have promised to look into certain things that have been brought up here and find out what they are exactly. We will inform the Chamber of Deputies of our findings on those cases./ [end recording]

Haiti: Deputies Opposed to Bill Boycott Session 18 Jul

PA1907034396 Port-au-Prince Radio Metropole in Creole 2000 GMT 18 Jul 96

[Report by Edner Jean; from the "4 O'clock Express" newscast; passage within slantlines in French]

[FBIS Translated Excerpt] Today at the Chamber of Deputies, the journalists had the opportunity to witness a scene that had not been seen for a while. Parliamentarians were taking off their jackets, parliamentarians were going about other parliamentarians pointing accusing fingers at them, and uttering bad words against their colleagues. [passage omitted]

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These words and actions remind many people of the 45th legislature. But it is not the 45th legislature that was working today because the 45th legislature is over, it was the 46th legislature, the very deputies who said, while taking the oath at the Parliament, that they would not follow the example of the 45th legislature. They criticized the 45th legislature very much. By the way, only three deputies or only two deputies and one senator of the 45th legislature managed to be elected in the 46th legislature.

Today, the deputies, especially those who are against the government's bill on reform in the public administration, decided not to work. They actually said that they had decided to boycott today's session in order to show their discontent about the way the session is proceeding today because since last week the deputies, who are in favor and who represent the majority at the Chamber of Deputies, had decided to pass the bill quickly.

By the way, the government said that they had a very short deadline, and that this law should be voted by 29 July so they can send it to the international donors. The finance minister was down there on 16 July and they had already begun voting articles of this bill yesterday. They even reached the third article of the bill that includes 27 ones. Today, the parliamentarians who are in favor of the bill, made arrangements to either finish with this bill or make significant progress in its vote.

When the roll call began today, the parliamentarians who are against, about 20, walked out of the session room and went to sit somewhere else. Some went to the diplomatic lounge, others went to the commission rooms. They straightforwardly said that they would not participate.

[Begin unidentified deputy recording] We are not doing a systematic boycott but we want to give a signal, at least, so the chamber will regain its self-control, so there will be more tolerance and so the debates can be held. [passage omitted] [end recording]

No matter what name they may give to this strategy: running away, empty seat policy, delaying tactics, the fact remains that the opposing parliamentarians have decided to boycott the session. The parliamentarians, who were in favor, who represented the majority but who did not manage to gather the 42 deputies necessary for the quorum, have described their colleagues as cowards. [passage omitted]

The attitude of Chamber of Deputies President Fritz Robert Saint-Paul was also criticized very much by the deputies who remained in the room, and who attended the roll call though no session was held. According to the deputies favorable to the bill, the office [of the Chamber of Deputies] appears to have taken sides on this matter.

[Begin unidentified deputy recording] /The roll call showed that 42 deputies were present./ The president does not have the right to close the session as there were 42 deputies. Some deputies went to the conference room. Yet, we had voted a resolution stating that no commissions have the right to work at the same time as a session. [end recording]

The vice-president of the Office of the Chamber of Deputies responded to this accusation:

[Begin vice-president recording, in progress] ...deputies do not have the right to leave the assembly during the sessions, but there is no procedure on what to do with a deputy who leaves the assembly. All these problems come up because there are not the necessary provisions allowing us to go and look for deputies even if they are deputies outside. But the problem is that the unrestrained passion prevailing in the chamber makes deputies contradict themselves, lose their self-control, lose their objectivity, and consequently, say anything. [end recording] [passage omitted]

Haiti: Preval Meets With Parents of Victims of Syrups

PA1907023496 Port-au-Prince Tropic FM in French 1100 GMT 18 Jul 96

[From the "First Current Events Point" newscast]

[FBIS Translated Excerpt] President Rene Preval met at the National Palace on 17 July with certain parents whose children have been victims following consumption of the syrups Afebril and Valodon. During this meeting, the head of state made the members of his government, the suppliers of pharmaceutical products in Haiti and abroad, and even the parents of the victims responsible for this tragedy. Mr. Preval denounced the thoughtlessness of some Haitian importers who deliver goods on the market without any strict control. The head of state did not rule out the possibility that other products sold on the local market may be contaminated by glycerin or other chemical elements. [passage omitted]

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Mexico: Declining Past Due Loan Portfolio Discussed

96CA0241A Mexico City EL FINANCIERO in Spanish 17 Jun 96 p 4

[Article by Alicia Salgado]

[FBIS Translated Text] Although the past due loan portfolio of Mexican banks was 156 billion pesos on 31 May, according to the Bank of Mexico's preliminary figures, the banks' available financing capacity amounts to 388.2 billion pesos. While these resources are essential for stimulating a broadly based economic recovery, they are not being used because of low credit demand due to the persistence of high interest rates, because of the strict selection criteria that the banks have set to qualify for loans, and also because of the monetary restrictions imposed in Mexico.

The SHCP [Secretariat of Finance and Public Credit] indicated that "based on the injections of capital that have been made in the banks, and as even greater signs of stabilization are being seen in the market, a resumption of financing for the private sector will be possible, even though the liberalization of public sector resources and the influx of foreign capital have declined substantially."

The Association of Mexican Bankers and financial officials have ruled out establishing a restructuring program for "horizontal and generalized" business debts. Madariaga Lomelin has opposed holding talks, except in the case of the program to restructure agricultural debts, an issue which has been "complex." He said that the negotiations are being conducted between the Secretariat of Finance and Public Credit, agricultural associations, and farmers' organizations. According to Finance Ministry sources, with "costs and difficulties" the flow of financing to the private sector should recover gradually during the second half of 1996, but on the basis of long-term equilibrium and economic growth, and not in an explosive and disorderly manner as happened a year ago.

Past Due Loan Portfolio, Latent Problem

Of the past due loan portfolio balance of 156 billion pesos, 45.1 billion corresponds to the poorly performing portfolio sold to Fobaproa [Savings Protection Banking Fund] by 12 banks in the bank capitalization program. This portfolio was transferred with reserves of 14.8 billion pesos.

These 12 banks alone, with an average capitalization index of 12.45 percent, have a financing capacity of 279.1 billion pesos. They represent 80 percent of the Mexican banking system's credit portfolio.

Bank Capitalization Index in March 1996, expressed in Percentages and Billions of Pesos

Banks	Capitalization Index	Growth Capacity
System excluding banks undergoing government intervention and banks in special situations	13.83	388.2
12 banks	12.46	279.1

Source: CNBV [National Banking and Securities Commission]

After deducting the sale of the past due loan portfolio to Fobaproa, the balance of the past due loan portfolio involving banks undergoing government intervention at the end of May comes to 111 billion pesos, and when the 57.4 billion from the portfolio of the banks undergoing government intervention is subtracted from this figure, the balance of the past due loan portfolio for the rest of the commercial banks is 53.6 billion pesos.

According to preliminary interbank information, the monthly growth rate from March to April was 1.7 percent, while the rate from April to May was 1.2 percent.

Bank executives confirm that the rate hikes in the last week of January and the third week in March had an adverse impact on the increases in the past due portfolio, which in December had been starting to show signs of stabilization. "The temporary rate hike did have an impact, but we hope that at this time the duration of only three weeks of unstable rates will not affect the portfolio's rate of increase," said the source consulted.

In relation to the financial system's past due payment index, with the inclusion of banks undergoing government intervention and the 102 billion transferred to Fobaproa, at the end of May this index stood at 18.2 percent (past due portfolio in relation to total portfolio). Excluding banks undergoing government intervention and banks in a special situation, the index was 13.1 percent, and considering solely the rest of the banks, their level was 7.8 percent.

"The past due loan portfolio has been stabilized, and its growth has been contained, so if interest rates remain stable or declining at average levels of 25 to 29 percent, by July or August we may be able to see this portfolio starting to decline," commented Jose Madariaga Lomelin, president of the Association of Mexican Bankers.

According to the CNBV [National Banking and Securities Commission], one factor that has played a decisive role in slowing the accelerated increase in the past due loan portfolio, which during the same period of last

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year posted rates of 14 to 16 percent, has been debt restructuring within the ADE [Agreement for Immediate Support to Bank Debtors] program, through UDI [Investment Units] and through the banks' own plans.

As of 12 April, 1.808 million debt restructures have been made with ADE, involving a total of 180.44 billion pesos. Of this amount, 58 percent was for business restructures, and of the total, 323,500 loan contracts were documented in UDI for an amount of 82.899 billion pesos.

No suitable solutions have yet been found for consumer credit (excluding credit cards), said sources from both the Bankers Association and the CNBV. In automobile loans or short-term consumer loans (loans for computers, electronic equipment, etc.) the amount of restructured loans barely reaches 10 percent of the possible total.

The BNC [National Credit Bureau], with a margin of error of 0.8 percent experienced during its six months of full operation, has been able to identify with greater precision the behavior of the consumer credit portfolio as well as that of credit cards issued to individuals with business activity, reported the ABM [expansion not given].

Consumer credit grew at a rate of 12.4 percent in 1992 (the year of its greatest expansion) and it now represents 23.1 percent of the banking system's current portfolio. In December 1994, despite the strong contraction in this area because of the problems incurred, it represented 8.9 percent of the total portfolio and 19 percent of the total past due loan portfolio. In March 1995, with the crisis, consumer credit barely represented eight percent of the total portfolio and 14.2 percent of the past due portfolio, but its past due level was above the bank average, at about 28 percent.

Status of Restructures (in Billions of Pesos as of 12 April 1996)

	Amount				Number of Contracts		
Program	UDI's	Bank Plans	Total	Percentage	UDI's	Bank Plans	Total
Manufacturing plant	37.547	46.167	82.899	43.93	13.554	309.917	325.466
States and municipalities	16.340		19.266	0.03	.218		.218
UDI's	3.448		3.448	1.92	.683		.683
Housing	56.430	12.082	88.472	38.03	228.016	82.643	308.869
Bridge loans	1.010		1.010	0.58	1.120		1.120
Credit cards	3.715	2.700	6.479	3.67	2.757	1,082.622	1,085.279
ABCD and personal	1.127	301	1.426	0.79	1.367	87.418	89.185
Loans in dollars	.301		.301	0.17	.015		.015

Source: CNBV.

Although the consumer credit portfolio problem has not been resolved, it has been stabilized and the CNBV will help a great deal with this, said the bankers' association president, Jose Madariaga. Even so, in relation to business financing, he felt that the financing recovery and the stabilization of production will depend on how each branch recovers its dynamism and on whether the recovery is supported by declining inflation and interest rates.

He said that one element which acts as a disincentive to bank financing for business is low demand in the productive sector. Since 1991, the active interest rate level in real terms has been higher than the average rate of capital productivity, so businesses as a whole have turned to new credit just to meet interest payments. But earlier, unlike now, "there were expectations of continuously improving revenues, jobs, and economic activity," said one high-level CNBV official.

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Guatemala

Guatemala: Embassy Occupation Called 'Isolated Incident'

PA1907003896 Guatemala City LA REPUBLICA in Spanish 13 Jul 96 p 3

[FBIS Translated Text] President Alvaro Arzu Irigoyen described yesterday in San Jose as "regrettable" the occupation of the Costa Rican Embassy in his country but insisted this is an isolated incident.

"Fortunately, the embassy officials and staff were taken out of the building," Arzu stated and explained that the occupants of the diplomatic mission "are trying to exert pressure" due to the housing shortage problem "that dates back 50 years."

"We are doing all we can to resolve those problems (the housing shortage) but in the six months we have been in office, that is impossible," he stated.

According to the president, the action was conducted by a group of rascals that invade land for profit, as they take over public lands, and after their status is legalized they sell them at exorbitant prices. "Since on many occasions they have not been able to legalize this situation, they are seeking to pressure authorities into giving them lands that were never theirs."

In view of this problem, he noted that his government is implementing a "broad low-income housing program," in Guatemala City as well as in the countryside. He added that the UN Mission for Guatemala (Minugua) was called to come and verify the facts.

The president made those remarks in Guatemala City shortly after the occupants left the building following several hours of negotiations with government representatives although no agreement was reached.

The Costa Rican Embassy was occupied this Friday morning by approximately 600 residents of neighborhoods of the outskirts of Guatemala City who are demanding that the government provide a prompt solution to their housing problem.

In turn, Foreign Minister Eduardo Stein, who is also San Jose, said the situation at the Costa Rican Embassy did not warrant the president's return, since the negotiations to be held at the summit are of great importance for the country's economic and commercial development.

Arzu is in Costa Rica, where the heads of state and government of Central America met yesterday with Chilean President Eduardo Frei for the purpose of increasing cooperation and commercial exchange.

During the meeting, Frei noted that his country wants to be part of the great Central American effort to consolidate peace, democracy, and development in the region through the intensification of the commercial and political relations between the southern nation and the isthmus.

"We are fully prepared to seek and agree on the instruments that will allow us to so, as soon as possible," the Chilean president stated. The day before yesterday, Frei began an official visit to Costa Rica that he will conclude today, Saturday, with a speech to inaugurate the meeting of businessmen of these nations that will be held in San Jose.

Guatemala: Government Hopes To Sign Peace Accords Soon

96CA0257A San Jose LA NACION in Spanish 9 Jul 96 p 1

[Received via Internet]

[FBIS Translated Text] Guatemala City (ACAN-EFE)—Yesterday, in San Salvador, Guatemala's foreign minister, Eduardo Stein, declared that it is the hope of President Alvaro Arzu's government that the complete peace accords with the guerrilla movement will be signed on 15 September.

Stein remarked: "We are determined to have them implemented on that date; it is something that has been expressed as a political desire." He claimed that the progress made at both the formal and informal negotiation meetings during the past six months warrants an expectation of that possibility.

Nevertheless, Stein, who is in San Salvador participating in a work meeting with his Central American colleagues, reported that there are still some "critical" points in the negotiations that are aimed at ending 36 years of armed conflict in Guatemala, which have left a death toll of over 150,000.

Among those issues, the minister of foreign relations mentioned some constitutional amendments, the determination of the timetable for fulfillment of the pacts, and the amnesty whereby the guerrillas would be able to become reinstated in civilian life.

At present, the government and the guerrillas in Guatemalan National Revolutionary Unity (URNG) are negotiating the reinforcement of civilian power and the Army's role in a democratic society. The latter is one of the last topics on the agenda for the peace dialogue initiated in April 1991.

The topic began to be discussed on 21 June of this year in Mexico, and the signing of that accord is expected by next August.

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Stein declared: "We have examined the proposal from the URNG general headquarters very carefully, and the Armed Forces have shown an enormous flexibility and what I would call great creativity in dealing with these issues, when their own restructuring is brought up for discussion." He added: "There is great harmony regarding the overall objectives, as well as certain specific points." Nevertheless, he noted, there are a few "delicate matters on which it is very difficult to achieve harmony," such as certain amendments to the Constitution that would have to be approved through a referendum or a Constituent Assembly.

He explained: "The referendum always holds the risk that, if the voters fail to go to the polls, it may not have sufficient legitimacy. And, in the case of a Constituent Assembly, which is sovereign by definition, there is the risk that it may be impossible to command respect for the previous agreements between the government and the URNG. This would be virtually equivalent to scrapping nearly five years of negotiations."

Another matter described by Stein as difficult to negotiate is the timetable for fulfillment of all the accords. In view of this, the government has proposed "adhering as realistically as possible to the resources that we may have available," noting that "they cannot be determined, but can only be estimated in advance." He pointed out that the execution of the peace accords entails internal political pacts that are still in the process of being made, adding: "We do not know how far we can proceed beyond the strict four years of the government's term." The foreign minister also claimed that commitments must be obtained for foreign cooperation in order to execute the accords from a financial, technical, and political standpoint.

Stein indicated: "The third critical issue, and I put it in a single word, is that of amnesty." He said that it involves a complex discussion, in which different positions and interests of both groups and individuals have a bearing.

He claimed: "There are individuals and groups that resist the idea of a political pact that effectively causes the past to be over, so as to undertake a national construction agenda that will enable us to surmount this phase of long conflict, represented by 36 years of war, and implying (and this is the essential fear) the opening of a door that may sanction impunity."

Recently, in San Salvador, Pablo Monsanto and Rodrigo Asturias, from the URNG general headquarters, voiced their opposition to a general amnesty that would allow for their incorporation into civilian life.

The rebel commanders declared their approval of the search for a legal expedient that would permit the reinstatement of the guerrilla forces, but would leave open the possibility of instituting proceedings against those who have committed serious human rights violations, particularly in Army sectors.

Stein asked how personal justice could be reconciled with the "historic justice" required by the country, and "how to embark on that national accord so that some of the conditions could be surmounted, for example, those involving witchhunts that would make fulfillment of the accords impossible."

Panama

Panama: Clinton Criticized for Nonsupport of Butrus-Ghali

PA1807151696 Panama City EL PANAMA AMERICA in Spanish 16 Jul 96 p 7A

[Carlos Guevara Mann commentary: "Double Standard"]

[FBIS Translated Text] The northern republic is thought to be the first modern state founded explicitly on principles of virtue and Americans keep reminding us of that every time they can. Maybe that is why foreigners from the Third, Fourth, and Fifth Worlds have such high expectations of the United States, its institutions, and its leaders despite what our convulsive history tells us about humanity and the fallibility of the art of governing.

An example of this double standard is the attitude that the Bill Clinton administration has adopted recently — in fact, very recently — toward Butrus Butrus-Ghali, whose term as secretary general of the United Nations is about to expire. His work as secretary general of the United Nations has earned the Egyptian diplomat the friendship of the UN General Assembly, which comprises not only the bulk of the organization (a multitude of developing countries as it is logical to imagine), but also by European countries and Canada.

This is so much so that in the meeting of the seven most sophisticated economies of the world, recently held in Lyons, France, the participating countries told the secretary general about their willingness to support his reelection. The participating countries, except the United States, which has not concealed its firm opposition to allowing Butrus-Ghali to remain in his post five more years. [sentence as published] The fact is that in Washington's complicated political world outward appearances carry more weight than the virtues and ethical principles upheld by the founders of the Republic.

President Clinton does not want to appear as being a supporter of Butrus-Ghali, it is said, because Republicans accuse the United Nations, under the leadership of

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the Egyptian diplomat, of incompetence and of squandering the organization's money. According to Mr. Clinton's political advisers, the president, who has his eyes set on his own reelection in November, needs to adopt the Republican position as his own. According to the president's advisers, the American people find very attractive the radical individualistic approach of the so called "extreme right," which is determined to destroy all institutions that according to strictly profit criteria, do not "produce" a tangible "yield" (meaning money).

As for the United Nations, neither Republicans nor Democrats remember the important role that the organization has played for the preservation of world peace, the improvement of the world's living conditions, and the development of cultures since it was founded in 1945. Both parties also forget that a large part of the UN's inefficiency (which it certainly shares with all modern bureaucracies, including the U.S. Government) is due to the fact that the United States has run up a debt of $1.4 billion with the United Nations, which the Clinton administration has conveniently decided not to pay.

As for President Clinton himself, the U.S. president has forgotten about the words of praise for UN Secretary General Butrus Butrus-Ghali, which he pronounced less than a year ago on the occasion of the 50th anniversary of the organization. The "energetic" and "determined" leader of 22 October is now an incompetent and squandering bureaucrat in early July. Clinton learned how to draw a squared circle. Clinton would elevate his post, and his candidacy, if, instead of adopting this questionable attitude, he decided to guide his campaign according to the high principles of transparency, good government, and freedom, which inspired the founders of the United States and put an end to the unfair Washington attacks against Butrus Butrus-Ghali.

Panama: Nationalism, U.S. Military Bases Examined

PA1807223396 Panama City EL UNIVERSAL DE PANAMA in Spanish 17 Jul 96 p 11A

[Article by Professor Elda Maud De Leon: "Chronicle of Announced Bases"]

[FBIS Translated Text] Do you recall the Sherlock Holmes novels, and the bits of bread Hansel and Gretel would leave as a clue so their father could find them? Brilliant Sherlock Holmes would search for clues on the floor, clothing, fingers or any part of the body until he was able to deduce how, when, and who had carried out a crime. On the other hand, Hansel and Gretel's misfortune was on account of a bird deciding to eat the bits of bread they left behind as a clue. Something similar, I believe, is happening with us Panamanian nationalists.

The first morsel we tolerated was the elimination of the Panamanian army, the people voted no during the referendum, but afterward the National Assembly approved a law eliminating the military anyway, and the Torrijos-Carter treaty stipulates that if Panama is unable to protect the canal, the gringo soldiers remain.

During 1995, the newspapers, television, and radio stations, with a few noteworthy exceptions, spent a lot of time pointing out to public opinion that if the gringos decide to leave, there would be a major unemployment problem by the year 2000. Of course, no Panamanian would like to see his fellow brother, neighbor, or friend lose their job. Those who claim to be more knowledgeable on this pattern describe it as prompting public opinion, which is not the same thing as orienting public opinion.

When we were told, at the end of last year, of the likelihood of exploratory talks the Omar Torrijos Foundation organized a public debate, and later on the University of Panama arranged a three-day seminar where it was evident that we nationalists want to have first our full sovereignty, and afterward, independently decide what and with whom we decide to negotiate.

At the beginning of the year the gringos proposed that if we Panamanians would like some of the bases to remain we would have to pay for the service. It was clear that this would annoy us, but that later on when they decided to pay us, we would be so happy we would forget all about our sovereignty.

Later on came the results of the study carried out by economists Marcos Fernandez and Joes Galan Ponce to confirm that any country without military bases would starve, and we forgot all about Octavio Mendez Pereira statements when he said, "if necessary we will eat our sovereignty." In other words, we Panamanians, in addition to stomach, also have our dignity.

Now we have two overstatements that top it all: it turns out that if we do not allow the bases to remain, the gringo superman will be unable to defeat drug trafficking. It seems that not all of us are aware that to carry out this objective we need a specialized police, not soldiers. We have also forgotten that as long as the gringos continue to pay thousands for a small portion of drug, drug trafficking will continue to exist; and that as long as Panama continues without an efficient police force, drugs will continue to harm our countrymen.

At any rate, what really tops everything breaking the world record is this: They destroyed our army "that allowed drug trafficking to move around uncontrolled,"

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and now we are being presented to the international community as a country of drug addicts, "money launderers," corrupt, and incapable of living as a free nation without the "presence" of a honorable daddy to look after us. They intimidate the government, the church, as well as civilian society. Yet, many fail to remember that there are more drug addicts, money laundering, and corruption in the United States despite this country's Armed Forces, its bases disseminated throughout the world, and its superiority.

If we nationalists do not fight in a united manner, the end of the story will be as follows: The bases remained after the year 2000, some Panamanian workers were able to keep their jobs, the gringos continue to decide every aspect of our policies, the students will be protesting, and the grown-ups will attempt to justify the Panamanian colony. Shame!

Panama: Presence of Guerrilla Groups in Border Area Denied

PA1807123396 Panama City LA PRENSA in Spanish 17 Jul 96 p 2A

[Report by Eva Aguilar]

[FBIS Translated Text] Government and Justice Minister Raul Montenegro said that the Panamanian Government has not detected any guerrilla groups along the border with Colombia and that it is in constant communication with the Colombian authorities regarding the movement of subversive groups.

Last week, the Colombian newscast "24 Hours" disclosed a document seized from the Colombian Army of National Liberation (ELN), indicating that this group maintains ties with several countries in the world, including Panama.

According to the report, these countries make military, economic, and ideological contributions to the Colombian guerrillas through their embassies in Bogota. The Simon Bolivar Guerrilla Coordinating Board [COSB] is in charge of managing these contributions.

The program also stressed that the COSB's international management is conducted from Cuba, even though the seized documents confirmed that the ELN's relations are handled from Panama, expressly because of the benefits offered by the local banking system.

Montenegro asserted: "We do not have any evidence or actual information that we can tell the population regarding the presence of rebel groups in the Darien border region."

The minister added that he is not aware either that rebel groups in Colombia are receiving weapons coming from Panama as reported by the Colombian media.

Montenegro remarked that the authorities are on permanent alert in the border area.

Panama: Business Sector Criticizes Economic Program

PA1907023696 Panama City EL UNIVERSAL DE PANAMA in Spanish 16 Jul 96 p 13A

[Report by Xavier Collins and Catia Rojas]

[FBIS Translated Text] "The Chapman Plan has so far proven ineffective and evidence of this lies in the economic recession the country is currently undergoing," stated Chamber of Commerce President Juan Jose Vallarino who will be meeting tonight with President Ernesto Perez Balladares at the association's headquarters.

Vallarino explained to EL UNIVERSAL that the deceleration of the national economy will be one of the main issues that will be discussed during the meeting with Perez Balladares, that will take place in an informal manner.

According to the business leader, the meeting will be a sort of informal dialogue with the president of the Republic where all issues affecting the country will be discussed, and where both sides agree to jointly search for mechanisms that will lead to the solution of these problems.

Vallarino pointed out that Perez Balladares is well aware of the problems the country is confronting, but since more keep coming up, there is the need to bring them into focus again.

He added that the government will be urged to take a moment to "stop and reflect" on the country's situation which is chaotic. According to Vallarino, some of the country's laws have not satisfied expectations, and must therefore be reformed by the government and the business sector so that both parties may jointly search for solutions to the problems that it may cause.

With respect to the U.S. military bases, the business leader indicated that this issue must be dealt with rapidly and without any further delays.

He explained that the most pressing issue is the one related to the unemployment level, which according to official estimates amounts to nearly 13.7 percent of the economically active population.

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Later on, Perez Balladares will address the country through a national radio and television network from the Chamber of Commerce's Horacio Alfaro Hall.

On the other hand, Aniano Pinzon, representative of the Confederation of Workers of the Republic of Panama (CTRP), pointed out that the crisis the country is currently undergoing is the result of the implementation of laws supposedly intended to attract investments, a situation which has not materialized.

The CTRP leader contends that the government's economic program must undergo a new consensus by the population in order for an effective implementation to be accomplished, and for the government, business sector, and unions to make new commitments.

Roberto Eisenmann, businessman and former LA PRENSA board of directors member, believes, on the other hand, that it is still too early to evaluate the effectiveness of the government's economic program.

"I believe that so far we are unable to say that the program has been a failure since whenever structural changes are implemented there is always a period of trauma, which is what we are experiencing now," Eisenmann explained.

Nevertheless, he also expressed a certain degree of skepticism with respect to specific aspects of the government's economic program.

Eduardo Vallarino, businessman and politician, member of the Christian Democratic Party, also expressed doubts with respect to the capability of the program designed by the Perez Balladares administration to solve the country's unemployment problem in the medium term.

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Argentina

Argentina: Defense Minister on Reasons for Resignation

PY1807171696 Buenos Aires TELAM in Spanish 1423 GMT 18 Jul 96

[FBIS Translated Text] Buenos Aires, 18 Jul (TELAM) — Defense Minister Oscar Camilion noted today that he tendered his resignation on 16 July to pave the way for the court investigations into the alleged diversion of arms to Ecuador. Nevertheless, he emphasized that he does not share the criterion that ministers have immunity.

Camilion emphasized: "I don't believe that ministers have immunity. I do believe congressmen have immunity." He added: "Following a judgment passed by the courts, I have to go and testify."

At the front door of his home, Camilion told the Todo Noticias cable television channel that vis-a-vis the "judgment passed by the courts," asking that he be "stripped of his immunity" to interrogate him on this case, "the easiest solution is to resign."

Camilion indicated: "I don't understand the opinion of some people alleging that first an impeachment is required, as I believe that ministers do not have immunity."

When it was pointed out to him that he could have chosen to remain as minister and submit himself to an impeachment, Camilion responded: "Of course I could have, but based on a thesis that I don't share, namely that ministers have immunity."

Asked if he "is concerned over the possibility of being indicted" in the case involving the investigations into the alleged diversion of Argentine arms to Ecuador, Camilion responded: "No, not at all."

Camilion resigned from his post on 16 July. His resignation will be assessed by President Carlos Menem upon returning from his visit to the United States which began on 17 July.

Federal Judge Jorge Urso, who is hearing the case involving the alleged diversion of arms, announced on 16 July his decision to hear Camilion's deposition.

Argentina: Cavallo Secures PJ Senators' Support on Decrees

PY1807152496 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2241 GMT 17 Jul 96

[FBIS Translated Text] Buenos Aires, 17 Jul (NA) — Economy Minister Domingo Cavallo today secured the ruling-party senators' commitment that the decrees announced on 12 July, concerning family allowances and the food coupon system, would not be repealed by law.

Cavallo arrived at the Senate at 1030 today, with the belief that the Justicialist Party [PJ] senators wanted to challenge the validity of the decrees. But shortly after beginning his explanations, it became clear that this possibility had never been considered and that a proposal by Buenos Aires Senator Antonio Cafiero, asking to review the measures in Congress before their implementation, had merely been raised.

PJ bloc sources reported that Cavallo initially said: "I am asking you not to repeal the decrees because it would be detrimental to the economic system and this would not be good for the government or for the country."

The PJ senators on 16 July decided to invite second-rank Economy Ministry and Labor Ministry officials to explain the measures. To this effect, they entrusted Entre Rios Senator Hector Maya with personally contacting these officials.

Maya went to the Economy Ministry to formalize the invitation last night. After a short time, he returned to Congress with the news that Cavallo himself had asked him to explain the measures to the ruling-party congressmen.

The sources pointed out that the PJ senators initially wanted to avoid discussions with the minister to preclude any possibility of confrontation at a "difficult" time for the implementation of the economic program.

During the two-and-one-half-hour session, the minister announced that new measures would be taken. Nevertheless, he merely pointed out the possibility of removing the subsidies that are now benefiting the toll concessionary companies.

Cavallo emphasized that the measures announced last week should have been taken before, but noted that, "in keeping with the government's political criterion," the electoral campaign conducted in the federal capital "advised against taking them."

The economy minister acknowledged the "ugly" character of the decrees. Nevertheless, he noted that it was necessary "to present the records for the first six months, along with the measures designed to prevent the current fiscal deficit from expanding and from giving an idea that the accounts are out of control."

The sources indicated that the senators constantly avoided confronting the minister "so as not to project an obstructionist image at such a delicate time for the government's economic program."

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La Rioja Senator Eduardo Menem was one of the few senators who interrupted Cavallo's explanation. Menem asked Cavallo if the measures were "temporary." The minister responded: "Yes, provided that alternative methods for reducing the public accounts deficit are discovered."

Cavallo also explained the delay in the privatization of the Yacyreta [hydroelectric] dam and the nuclear power plants. He noted that this delay had precluded the possibility of securing the funds that had been scheduled to overcome the fiscal imbalances.

Argentina: Release of Drug Baron, Ties With U.S. Viewed

PY1807202096 Buenos Aires LA PRENSA in Spanish 16 Jul 96 p 13

[Editorial: "Colombia at a Crossroad"]

[FBIS Translated Text] *The unbelievable release of a Colombian drug lord has contributed to aggravating relations between that country and the United States of America.*

The political turmoil in Colombia does not cease. Following recent unsuccessful attempts to "harass and topple" the president of the Republic — who was accused by nearly all social and political sectors of involvement in drug trafficking activities, but who was acquitted by Congress — the recent release of a top *Medellin cartel* leader again places the nation at a crossroads.

It is hard to admit that a negligible 100-month imprisonment sentence for a man indicted for drug trafficking, criminal association for unlawful purposes, and illicit involvement, has now been reduced to 34 months and nine days, allowing him to leave the penitentiary with a defiant attitude.

The justice minister emphasized: "I am under the impression many tenets have been trampled on and I believe all good men must be concerned over this situation." Quite right too; during the past decade, the activities of drug traffickers were and still are so devastating that people are even concerned over the survival of the Colombian State.

In the United States of America, the release of this criminal and Colombia's inability — under the new Colombian Constitution — to extradite *drug traffickers* has been harshly criticized and aggravates the already strained relations between the two nations, as indicated by the unusual removal of the Colombian president's visa to enter that country of the North.

Argentina: Menem Sends Condolences to U.S. on Plane Crash

PY1907033096 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2233 GMT 18 Jul 96

[FBIS Translated Text] Buenos Aires, 18 Jul (NA) — President Carlos Menem today sent a message of condolence to his U.S. counterpart Bill Clinton referring to the air tragedy in New York last night that ended with 229 people dead.

According to a report issued at Government House, Menem sent the message to the White House from Chicago shortly before leaving for Atlanta to attend tomorrow to the Olympic Games inaugural ceremony.

"In my name and the name of the Argentine people, I forward the expressions of our deep condolences for the tragedy involving TWA, a feeling that I also extend to the relatives of the victims," the text of the message says.

Argentina: Correction—Economist Evaluates Indexes

PY1607201796 Buenos Aires AMBITO FINANCIERO in Spanish 5 Jul 96 p 10

[Corrected version of Interview with economist Miguel Angel Broda by Carlos Burgueno, originally filed as PY1307030596 and published on pages 38-39 in the 16 July Latin America DAILY REPORT; place and date not given; retranslating passage between slantlines]

[FBIS Translated Text] [Burgueno] Do you still believe that Argentina cannot grow?

[Broda] We are witnessing a reactivation of the economy in which, if there are no external effects or domestic political problems, the growth rate in the last quarter of the year can match the record growth rate registered in the same period in 1994. In the second half of 1996, the growth rate can be 8 of percent with respect to the same period in 1995.

[Burgueno] What will the GDP growth be this year?

[Broda] It will grow by 4 percent. It might even reach 5 percent, as was forecast by the economic team. External conditions are very favorable. Brazil will not give bad news this year. Farm products and oil prices stand at an excellent level. Finally, there is liquidity on the international financial market, while long-term interest rates are dropping, despite the fact that short-term interest rates may rise a bit in August. Since the news coming from abroad is good, if there is anyone who can spoil this picture, it's us.

[Burgueno] What can happen?

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[Broda] We unfortunately see that Economy Minister Cavallo is more concerned about political issues or about his own future than about accelerating economic growth. The entire government must again concentrate on the economic reforms.

[Burgueno] Will economic growth continue in the medium and long term?

[Broda] Unfortunately, in Argentina it is still impossible to say that. Successful countries with sustained growth can double their per capita income every 10 years. There is still a lot to do in connection with the structural reforms. The labor market and the social welfare institutions have not yet been deregulated. No thorough state reform has been implemented, while our fiscal accounts are on the red. Long-term forecasts are not very optimistic. The break that Menem and Cavallo have taken since the beginning of 1994 on the structural reforms has already lasted too much, and there are no indications that it is about to end.

[Burgeno] How bad are fiscal figures?

[Broda] An announcement was made with the IMF, saying that our annual deficit is of 2.5 billion pesos. Now we estimate it at 5.6 billion pesos. If we add to this the expenses of trust funds and some Anses [National Social Security Administrataion] rediscounts, we will reach a deficit of 8.4 billion pesos, which accounts for 2.8 percent of the GDP. It is not impossible to refinance this deficit, taking into account the current international financial market conditions, but it makes us very vulnerable. This policy of indebtedness is the main difference between Argentina and other successful experiences in other countries. Argentine public expenses have grown by 70 percent since 1991, while in 1997 the country has to pay more than $14.8 billion on interest and amortizations on the public debt, that is, 56 percent more than in 1995.

[Burgueno] The other side of this situation is that revenues are not sufficient...

[Broda] The economy is recuperating, but revenues have not caught up with. It should be noted that real revenues, adjusted for VAT [value added tax] increases in 1995, dropped by 14 percent, while the GDP dropped by only 4 percent. The blame for this was put on tax evasion.

[Burgueno] Specifically on the DGI [General Directorate of Taxation]?

[Boda] This organ enforced several strategy changes. Yet it is nonsense to argue whether the fear of "the untouchables" and of the invoices is a better policy than computerized searches and fiscal cards. In a country like Argentina, with such strong tax evasion habits, all instruments must be used. The DGI problem is that it has made many strategy changes. Five years after the start of a transformation process, the DGI chief cannot contend that two years are still necessary to reach an appropriate operational level.

[Burgueno] Is Argentina making progress in the fight against tax evasion?

[Broda] It is losing, especially in the interior of the country. There are towns with a population of 50,000 and 70,000 where only 10 percent of transactions pay the VAT.

[Burgueno] What is your opinion of the announcement on the state reform?

[Broda] The government has taken no step forward in this area. /We expected it to take the first step on a long journey last week by eliminating offices./ However, the creation of new ministries was announced. This decision reveals that there is no accurate perception of the role of the state and of the burden of public expenditures.

[Burgueno] Were you surprised at the unemployment rate?

[Broda] Not at all. We will have a five-year period with unemployment ranging from 15 to 17 percent. Our unemployment has structural reasons, and it has nothing to do with the Keynesian unemployment related to the reduction of economic activities. The level of economic activities dropped by 9.6 percent between the fourth quarter of 1994 and the third quarter of 1995, but the unemployment rate grew by only one percentage point. Economic activities have now grown by 6 percent, and unemployment has remained almost unchanged.

[Burgueno] What is then the solution?

[Broda] If the government does not implement more active policies, retraining people and granting tax exemptions, the problem will not be resolved even if the annual growth rate remains at 5 percent for several years. The changes in the Argentine economy are unfortunately sacrificing a generation of people above 50 and of employees of state-run companies and of shops, for whom there is unfortunately no chance on the labor market. The blame for this should not be placed on the transformation program but on the old system.

[Burgueno] Will these unemployment indexes jeopardize the plan?

[Broda] If no measures are taken, they will. Since Argentina has no state, it cannot compensate the losers within the system, and this gives rise to populist and nationalistic feelings that advocate retrogression. If we

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do not take action, we will run the risk of losing at least two decades.

[Burgueno] Does the financial system have to be privatized?

[Broda] It is essential to privatize — in the medium term — the Buenos Aires Province Bank and the National Bank. Moreover, this can become the gesture of boldness that the economic team is needing.

[Burgueno] What would you think of a new reelection attempt by Menem in 1999?

[Broda] Some pro-Menem entrepreneurs would welcome it. Within the economy, they would be the only ones to welcome it. Most economists and many entrepreneurs had already criticized Menem's first reelection. The current level of deterioration shows that we were right. He is not the same president of the first years.

[Burgueno] Does that also apply to the economic team?

[Broda] Of course. The Cavallo of today is not the same of the first years. He is weaker and wastes time in unimportant things.

Bolivia

Bolivia: Coca Growers Propose Voluntary Eradication

PY1807212796 Cochabamba LOS TIEMPOS in Spanish 11 Jul 96 p A6

[FBIS Translated Text] Coca growers leader Evo Morales Ayma has reported that coca growers have proposed to voluntarily eradicate a half hectare of coca per association monthly, in view of the unsuccessful negotiations conducted with the government.

Morales said that coca growers have agreed to voluntarily eradicate that amount to avoid decertification and to end forceful eradication and violence in Cochabamba.

Morales regretted the decision by the executive branch to reject the proposal made by coca growers and to continue its policy of human rights violations, allowing abuses against women, men and children in the entire region. Morales stated that negotiations with the government will resume on 15 July. He added that no positive progress has been made in the negotiations, and that "on the contrary they could fail."

Morales said: "It seems that the government is not interested in dealing with voluntary eradication, and prefers to continue intimidating coca growers families because this is the method it uses to conduct forceful eradication."

Morales reported that an agreement was reached with the National Social Defense Secretariat to resume negotiations on 15 July in the city of Cochabamba to analyze coca crop eradication and alternative development.

Morales said that the problem of alternative development will have to be solved during this meeting. Alternative development is not being implemented in Cochabamba despite the continuous announcements and offers made by the government.

Morales stated that the government must respect the agenda of the meetings and avoid more delay in meeting the peasants' demands, if it wants to prevent a resumption of actions by the peasants.

Bolivia: FM Views Bioceanic Corridors, Integration Issues

PY1907011496 Cochabamba LOS TIEMPOS in Spanish 9 Jul 96 p A2

[FBIS Translated Text] La Paz, 8 Jul (LOS TIEMPOS) — Bolivian Foreign Minister Antonio Aranibar has stated that "export" or "bioceanic" corridors are at the center of Bolivian strategy for its integration into the international community.

Aranibar stated that this policy will allow Bolivia to take advantage of its privileged geographical situation, and to become the link between the Atlantic and Pacific Basins. He said: "It will allow Bolivia to resort to its main strength, that is, its geographical position."

Aranibar made these remarks during the 3d Meeting on the Analysis of the Bolivian Foreign Policy that was held in the city of Trinidad, Beni Department, which was attended by a group of European and Asian diplomats.

Aranibar said that the efficient implementation of a thorough physical integration policy turns out to be the significant element that will help to enhance Bolivia's possibility of integration within the international community.

In this regard, Aranibar said that Bolivia has to play a main role in the process of developing interior regions and the central cone of the subcontinent.

Aranibar stated that the main actions will be focused on the objective of achieving an efficient physical integration of the several border regions with neighboring countries. The physical integration combined with a major effort to establish an internal connection by developing a Bolivian interoceanic corridor system will allow the true physical connection of the Bolivian territory, and of Bolivia with the rest of the world.

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Brazil

Brazil: 'Partial Retreat' on Helms-Burton Law Viewed

PY1807192396 Sao Paulo FOLHA DE SAO PAULO in Portuguese 17 Jul 96 Section 1 p 2

[FBIS Translated Text] The political philosopher Thomas Hobbes often spoke about the war of everyone against everyone, a natural inclination of humanity that can only be restrained through the intervention of a superior power like that of a monarch; that is, one with greater power than the rest.

For many contemporary interpreters, international relations stood for that war of everyone against everyone for the simple reason that there was no real coercive power in relations among countries.

The partial retreat in the Helms-Burton Law announced yesterday by President Clinton, however, suggests that things are not so simple as the classical political philosopher intended.

The Helms-Burton Law, in a clear offense against the so-called "international law," sought to allow the United States to punish companies from any country that maintain businesses with Cuba.

As the only world power left since the end of the Cold War — and despite being the most powerful country in the world — the United States has been unable to resist the almost unanimous reaction of the whole world against the mentioned law.

This is a sign that, despite the absence of a coercive power among nations (if there is one, it must be the United States), any international consensus with some degree of effectiveness must be encouraged, even if this is manifested through multilateral organizations like the EU, the OAS, or the WTO, etc., or through important trade partners (in this case Canada, Mexico, and China).

Despite the social inconvenience caused by globalization, it is at least creating a bit more respect among the international community "by extension" ["lato sensu"]. This, in a multipolar world, represents great progress.

Brazil: Editorial Views Drug 'Curse' on Samper

PY1807172796 Rio de Janeiro JORNAL DO BRASIL in Portuguese 16 Jul 96 p 10

[Editorial: "Curse of the Drug"]

[FBIS Translated Text] Events in Colombia have reached a point of no return. Two days after the election of President Ernesto Samper on 19 June 1994, cassette tapes began to circulate with evidence that the Cali cartel financed his campaign. Since then, Samper has been balancing on a tight rope, to the point that the U.S. Government announced that it would not grant him an entry visa.

Meanwhile, the treasurer of Samper's election campaign and his defense minister, later imprisoned, admitted the drug trafficking contribution. Twice Samper tried to cut the Gordian knot by taking the case to Congress, where he is supported by the majority and where, logically, he was acquitted twice. A business leader made two criticisms on Congress' decision: "The whole pro-government bloc was elected with money from the mafia which has taken control of the government. Those who acquitted Samper are as unworthy as him."

The confiscation of Samper's passport caused some protests inside and outside Colombia, but mainly inside. There are some who say that the decision was not only "humiliating and infamous" but that it represents the beginning of a rosary of economic sanctions and international discredit. Such a thing was nonetheless expected since March when the United States did not include Colombia in the annual list of countries considered as allies in the struggle against drug trafficking.

Samper's tightrope walk could end in a different manner. Other countries react with arrogance to sanctions (Cuba, for the past 36 years; Israel regarding the Arab countries for the past 48 years; and Iraq, since the Gulf War), but none of them are cursed by the drug trafficking problem. The drug problem does not affect only Colombia; it affects the whole world and even Brazil by turning it into a drug route. This is why the ostrich attitude adopted by Samper shows the bad development of the crisis. It not only leads to his "political death" but to the death of thousands, perhaps millions of drug consumers in the whole world, affected by a vice that does not cease to grow in our societies.

At first glance the arm wrestling between the United States and Colombia resembles the fight between David and Goliath. That is a mere impression. Behind it there is a drug cartel that erected into a state within the state and it is doing everything possible to prevent the extradition of its chiefs. Samper, at this stage of the crisis, is not being the victim of Goliath, but of the smartness of the Colombian drug traffickers who financed him an allowed the information to leak. They are the heart of the problem.

Brazil: President Cardoso Arrives in Brasilia

PY1807201996 Sao Paulo AGENCIA ESTADO in Portuguese 1809 GMT 18 Jul 96

[FBIS Translated Text] Brasilia, 18 Jul (AE) — President Fernando Henrique Cardoso has just arrived at

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the Brasilia Air Force base from Portugal. He was welcomed by Roberto Parreira, cabinet chief of the vice presidency, who represented Vice President Marco Maciel, who is still recuperating from a hemorrhoid operation. The president is now at the air base, where he is speaking with Civil Household chief Clovis Carvalho.

Brazil: Cardoso Making 'Last-Minute' Decisions in Lisbon

PY1907033896 Rio de Janeiro O GLOBO in Portuguese 18 Jul 96 p 3

[FBIS Translated Text] Lisbon — President Fernando Henrique Cardoso yesterday made several economic and political decisions to bring Brazil closer to the other Portuguese-speaking countries and to strengthen political support for Brazil's bid to become a permanent member of the UN Security Council [UNSC]. During the signing of a declaration creating the Commonwealth of Portuguese-Speaking Countries (CPLP) by the seven chief executives, Cardoso announced — after consulting with the Strategic Affairs Secretariat (SAE) — that he will raise Brazil's contribution to promoting social projects in Portuguese-speaking countries from $1 to $4 million. These projects will entail assistance in health and communications projects intended for long distance education programs.

Cardoso said: We are keeping are eyes focused on the world, not only on Brazil.

During the CPLP meeting, Cardoso's skill made it possible for Brazil to obtain Portuguese Prime minister Antonio Guterres open endorsement of Brazil becoming a UNSC member. Guterres's remarks showed that Brazil's last-minute actions had an impact on the CPLP member countries. Guterres recommended that the CPLP chief executives do what President Cardoso has been coordinating behind the scenes.

Guterres said: It would be good if Brazil became a UNSC member.

Cardoso's first initiative was to change his own speech, which had been carefully worded by Itamaraty to avoid controversial issues. Responding to a request made by Portugal and the African countries to the effect that Brazil should take a clear position regarding East Timor — a former Portuguese colony invaded by Indonesia in 1975, Cardoso changed his speech at the CPLP signing ceremony and openly announced his support for East Timor.

Cardoso said: Brazil supports efforts towards the self-determination of the people of East Timor and towards observance of human rights.

Cardoso's remarks defending East Timor elicited applause from Jose Ramos Horta, the special representative of the National Maubere Resistance Council (of Timor), who claimed to have been touched by Cardoso's position. Horta said that, in view of Brazil's being an economic power in relation to the African countries, Brazil could pressure Indonesia even more.

Cardoso also made another last-minute political decision that will have its economic impact. During a private meeting with Angolan President Jose Eduardo dos Santos, Cardoso promised to extend the stay of Brazilian troops in Angola until February 1997. According to General Alberto Cardoso, chief of the Brazilian presidential household, these were scheduled to leave Angola in November. Cardoso also promised to visit Angola in January 1997.

Cardoso's decision also pleased former President Itamar Franco, who will be serving as Brazilian ambassador to Portugal until 25 July. Franco has been fighting with Itamaraty over East Timor, by contending that the Brazilian Government's position on East Timor has been timid.

Franco said: I believe it is important for the Brazilian democracy to defend East Timor's self-determination.

Brazil: Senate Approves Cellular Telephone Bill

PY1807205096 Sao Paulo AGENCIA ESTADO in Portuguese 1730 GMT 18 Jul 96

[FBIS Translated Text] Brasilia, 18 Jul (AE) — The Senate today approved by 54 votes to 7 — and without any abstentions — the draft bill that regulates the opening to private capital of cellular telephone services, via satellite communications, data transmission and value added services. The bill will probably be promulgated by President Fernando Henrique Cardoso tomorrow during a ceremony at Planalto Palace. Following this approval, Communications Minister Sergio Motta will next month publish the first bid calls for the exploitation of cellular telephone services by private companies in determined areas. The country will be divided into nine areas that will be opened to bids for the cellular phone services.

[Sao Paulo AGENCIA ESTADO in Portuguese at 1731 GMT on 18 July adds that the bill approved by the Senate "enables private companies to exploit cellular (B-band) telephone services, via satellite telecommunications, and public telecommunication networks to render value added services. The participation of foreign capital will be limited to 49 percent during the first three years of the law. The law authorizes Brazilian Telecommunications, Telebras, to restructure the public companies that exploit cellular telephone services

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through the creation of subsidiaries or companies engaged in partnership with private companies to exploit the mentioned services. These companies will not follow the current regional division in which each state owns a telecommunications company. The objective of the communications minister is to divide the country into nine areas, each of which will be served by two companies: a private one, under the rules of the new law approved today; and another that will initially be a public company and a subsidiary of Telebras, but which will be privatized after 1988 so it can compete with private companies."]

Brazil: 'Opportunism' Marks Allocation of Budget Funds

PY1907034796 Sao Paulo VEJA in Portuguese 17 Jul 96 pp 38, 39

[FBIS Translated Text] Three months before the municipal elections, the executive branch apparatus began to undergo a well known reengineering process — the manipulation of budget allocations to help allied candidates and to isolate political adversaries. It is the old opportunism, or neo-opportunism, a word that is more appropriate for a modern government. The mechanism has not changed: to let government allies perform as the champions of projects on the eve of the elections. From the allocations that were distributed on the basis of individual lawmakers' proposals for sanitation, housing and infrastructure projects — amounting to 139 million reals [R] — the PFL [Liberal Front Party] got the best slice. With 100 deputies, or 20 percent of the Chamber of Deputies, it managed to receive 27 percent of the allocations, or R37 million. The PMDB [Brazilian Democratic Movement Party], with 19 percent of the deputies, received R34 million, or 24 percent of the total allocations. The PSDB [Brazilian Social Democracy Party] also did well. With 16 percent of the deputies, it managed to receive 24 percent of the funds. Almost all the allocation requests filed by the opposition, which has more than 20 percent of the deputies, were rejected. The opposition received less than 8 percent of the funds.

Only those who are naive believe that a government — just any government — would not favor its allies at the time of distribution of allocations. It is not necessary to pretend that things do not work like that. President Fernando Henrique Cardoso, through his spokesman Sergio Amaral, said that funds were allocated on the basis of technical criteria. The criteria that have been followed can be clearly identified by dividing the quantity of funds allocated to the members of each party, by the number of lawmakers of each party. Each PFL lawmaker obtained an average allocation of R370,000, each PSDB lawmaker obtained R400,000, while each opposition lawmaker obtained only R98,000. That is, for each Real that an opposition politician obtained from Brasilia, a government lawmaker obtained more than four. Known by the technical style of his work, deputy Inocencio Oliveira, a PFL leader, was among those who received the highest allocations. Congress had approved, based on lawmakers' requests, a R3.9 million allocation for sanitation projects in Pernambuco. After some cuts, the allocation was reduced to R1.8 million. Thanks to Oliveira's work, R1.1 million was destined for his electoral strongholds. He not only guaranteed the allocations but he also tried to have the adversaries receive nothing. The opposition, which requested R1.5 million for sanitation projects, did not receive a cent. Oliveira blocked the allocations even for Serra Talhada, his homeland, where mayor Augusto Cavalcante, a PDT [Democratic Labor Party] member, is supporting a candidate who is a contender of Oliveira's brother Tiao de Oliveira, who is running for the PFL. "It would have been the end if the funds had been granted, because the mayor was maliciously saying that I am a has-been," Inocencio said.

Claim — In Bahia, one of the deputies who obtained the highest individual allocations was Benito Gama, the government leader in the Chamber of Deputies. He channeled R533,000 to Itaucu, where his brother Osvaldo Gama is running for mayor. Meanwhile, the seven requests by PC do B [Communist Party of Brazil] Deputy Haroldo Lima were not granted. In Sao Paulo, Deputy Jose Anibal, a PSDB leader, had his five requests granted for a total of R957,000, while PSDB dissident Tuga Angerami's four requests were rejected. "It is disrespectful," Angerami said. Of the 30 requests submitted by Sao Paulo PT [Workers Party] deputies, only four were granted. It was a coincidence that the funds were requested for cities governed by PSDB members. Political Coordination Minister Luiz Carlos Santos obtained R460,000 for the cities in which he has his electoral support base. Deputy Newton Cardoso complained upon learning that the town of Contagem, in Minas Gerais, would receive R4 million. Cardoso is running for the PMDB, and the post of mayor is in the hands of a PSDB member. "They want to eliminate me," he contended at Luiz Carlos Santos' office. Since both the PMDB and the PSDB support the federal government, a consensus was reached, although not through a technical solution: the allocation will be granted, but instead of R4 million, Contagem will receive only R2.4 million.

The budget is a gigantic financial instrument, which this year is estimated at R300.9 billion. The government will spend some R140 billion for repaying its debts, almost R60 billion for the social security and health

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sectors, and R80 billion for personnel expenses and for fund transfers to state and municipal governments. A small amount, approximately R2.6 billion, is left for investment in new and ongoing projects. From this amount destined for investment, the government released R308 million to grant politicians' requests for health, sanitation, and housing projects. Manipulation was confirmed in the use of part of that money — the R139 million destined for individual lawmakers' requests. Compared to the total budget figure, it is a very small amount. Yet it is a booster for politicians in counties, especially in time of elections.

Brazil: FM on Inclination To Withdraw Troops From Angola

PY1807204896 Rio de Janeiro JORNAL DO BRASIL in Portuguese 17 Jul 96 p 8

[Article by Norma Couri]

[FBIS Translated Excerpt] Lisbon — Brazilian Foreign Minister Luiz Felipe Lampreia yesterday said that Brazil is inclined to withdraw its troops from Angola if the peace process continues much longer. "It is not an ultimatum," he said. "But Brazil cannot wait indefinitely."

Brazil sent 1,200 men in August to join the U.N. peace forces. This is the first signal of impatience with a war that has been dragging on for the past 20 years. Brazil was the first country to recognize the independence of Angola from Portugal in 1975.

The United Nations set the February deadline but Lampreia clearly stated that Brazil does not intend to wait that long. Today, during a recess of the ceremony for the creation of the Community of Portuguese Speaking Countries (CPLP), which is the reason why President Fernando Henrique Cardoso came to Portugal, the Brazilian chief of state will meet with Angolan President Jose Eduardo dos Santos and then he will receive a delegation from Timor. The Timor delegation yesterday accused Brazil "of showing two faces": in private Brazil is negotiating arms deals with Indonesia and in public it defends the sovereignty of the territory annexed exactly 20 years ago. [passage omitted]

Brazil: Government Sponsors Monitoring Action in Amazon

PY1907024096 Sao Paulo AGENCIA ESTADO in Portuguese 2346 GMT 17 Jul 96

[Report by Vannildo Mendes]

[FBIS Translated Text] Brasilia, 17 Jul (AE) — The Federal Police today signed an agreement with the Brazilian Institute for Environmental Affairs and Renewable Natural Resources (Ibama) to jointly monitor drug enforcement, repression of tax evasion, and preservation of the environment in the Brazilian Amazon region. Justice Minister Nelson Jobim, who attended the ceremony during which the document was signed, said that the objective of the agreement is to guarantee national sovereignty in a region that is full of foreign and domestic traffickers, and that is frequently hit by environmental aggressions.

Specialized teams of the PF [Federal Police], Ibama, and the Federal Revenue Secretariat will undertake police action in strategic places on the Amazon river. They will also engage in monitoring work in the Amazon region. This action, according to Jobim, will be an efficient palliative while Sivam, the Amazon Region Surveillance System, is not implemented. Jobim said that Sivam will monitor all that vast region which is today dominated by drug traffickers. Environment Minister Gustavo Krause emphasized the importance of the agreement for repressing the "criminals of nature" and for monitoring the sustainable use of natural resources.

Siege — By land, the siege on drug trafficking and on illegal lumber trade has begun on BR-364 highway, which crosses the Amazon region. As for the rivers, the main transportation route in the region, control will concentrate in the narrowest stretch of the Amazon river, which is 1,800 meters wide, in Para. With the Sivam project, the siege will be completed with air control. Before implementation of Sivam, the FP will dynamite the illegal airstrips used by international drug traffickers.

The agreement provides for repression of international narcotics trafficking, control on chemicals and fuels, repression of the illegal transportation of chemicals used for producing drugs, the seizure of illegal products of animal or plant origin, repression of lumber trafficking, and control of foreigners entering Brazil through the region.

Brazil: Communications Group Registers Firm in Tax Haven

PY1807231796 Sao Paulo FOLHA DE SAO PAULO in Portuguese 14 Jul 96 Section 1 p 14

[Article by Elvira Lobato]

[FBIS Translated Text] A Uruguayan enterprise called Ivens Inc. controls one of the largest undertakings of the Globo Organizations: the subscription television service, via satellite, for mini parabolic antennae.

The enterprise belongs to the Marinho family in partnership with the Sirotsky family of the RBS (Brazil South Communications Network), which has 20 percent of the Ivens capital. The RBS, one of the largest

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regional communications groups in the country, is headquartered in Rio Grande do Sul State, and is a Globo Organizations partner in several operations with subscription cable television services. It is also affiliated with Rede Globo Television.

Ivens Inc., however, exists only on paper. It was created in 1995 in order to avoid paying Brazilian taxes and was registered with the address of the entrepreneurial affairs consulting company, KPMG, in Montevideo.

FOLHA DE SAO PAULO could confirm the existence of the Uruguayan enterprise in the files of the Sao Paulo Trade Board, where Ivens appears as having 60 percent of the Net Sat Servicos shares. This enterprise is responsible for the Globo Organizations subscription television services via satellite.

The other 40 percent of the Net Sat shares have already been transferred to the international communications magnate, Rupert Murdoch, who is the Marinho family's main partner in the new subscription television service, via satellite, through mini parabolic antennae. This project is meant for the entire Latin American market.

Murdoch has become a partner of the the Marinho family through the News DTH of Brazil Trade and Investment, which was registered on the Sao Paulo Trade Board in November 1995.

According to data supplied by the Board, News DTH is also controlled from a tax haven: the Cayman Islands in the Caribbean.

News DTH of Brazil belongs to two other Murdoch enterprises: News DTH Investment and News Cayman Holdings. Their address is a P.O. Box in Georgetown (Grand Cayman).

Tricks to avoid paying taxes are common, but in this case, they can cause embarrassment for the Brazilian Government and the Globo Organizations.

In Brazil, there are no rules for subscription television services via satellite. The federal administration, however, started public debates on the issue based on a project stipulating that the service can only be exploited by enterprises that have at least 51 percent of their shares in the hands of Brazilian shareholders.

Nevertheless, an enterprise registered abroad is deemed foreign even if it belongs to Brazilians, because it has been created in accordance with the laws of another country.

According to attorneys Ives Gandra and Sergio Bermudes, any enterprise registered abroad is a foreign enterprise. The two asserted this without learning the contents of this newspaper article.

Gandra says that our laws only deem Brazilian the enterprises that registered their social contracts (the acts that constitute the enterprise) on Brazilian trade boards.

The Ivens Inc. enterprise has been registered in the General Directorate of Taxation (which is equivalent to a trade board) in Montevideo and complies with Uruguayan laws.

According to this reasoning, the Net Sat is currently controlled by capital that is 100 percent foreign. If the rules the federal administration plans to implement prevail, the Net Sat enterprise cannot exploit the subscription television service via satellite.

The Net Sat documents filed at the Sao Paulo Trade Board indicate that since it was created in September 1993, the enterprise has changed its social contract 11 times.

It was registered under the name of Globopar and Net Brazil (another enterprise controlled by the Globo Organizations), with a social capital that was too small for the time: only 1,000 cruzeiros (exactly $9.98). This capital remained the same for four years.

The decision to transfer control of the Net Sat capital to the Uruguayan enterprise, as well as Rupert Murdoch's admittance as a partner, have involved two operations conducted only one month apart.

On 4 December 1995, Ivens purchased for 500,000 reals [R] 99 percent of the Net Sat shares that belonged to Net Brazil. At the beginning of January, it sold 40 percent of the enterprise to Murdoch's News DTH of Brazil, for R1.59 million.

Brazil: Correction—Motta Plans To Expedite Privatization

PY1707173896 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 14 Jul 96 p A6

[Corrected version of item originally filed as PY1607031096 and published on page 36 of the 17 July Latin America DAILY REPORT; from the "Estadao" Column by Cristiana Lobo; correcting word between slantlines in third paragraph]

[FBIS Translated Text] Communications Minister Sergio Motta plans to start the privatization of the telecommunications area ahead of schedule. He is preparing the technical studies required for the privatization, by the end of 1997, of the so-called "A-band" — which is meant for the public area.

In the Communications Ministry schedule, the first biddings for exploitation of the "B-band" of the cellular phone system will probably be held immediately after

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the Senate approves the project regulating the process. This is expected to take place on 16 July. Motta said: "Everything is prepared for the B-band biddings."

According to him, privatization of the telecommunications area will be swifter than that of the energy-producing area, in addition to being more flexible because it will not be held within the framework of the National Privatization Program and of Law 8031, which calls for /assessments/ [auditorias] by two different enterprises. The minister said: "Those who want to sell something establish the price for their product and it is up to the one who buys the product to investigate whether the price is fair," the minister said.

According to Motta, the guidelines for the privatization of the telecommunications area are based on two principles: universalization of the offer and competition. The federal administration plans to create, nationwide, from seven to 10 areas for the exploitation of the "B-band."

Chile

Chile: Visa Affair Said To Reveal Shift in U.S. Policy

PY1807221396 Santiago LA TERCERA DE LA HORA in Spanish 17 Jul 96 p 2

[Editorial: "More Than Just a Visa"]

[FBIS Translated Text] The Clinton administration's decision to deprive Colombian President Ernesto Samper of an entry visa for the United States is at best questionable and has occasioned annoyance and concern throughout Latin America, which is quite understandable. Critics say the U.S. decision is not a simple administrative action — which is how the Clinton Administration seeks to depict it. The arguments underpinning such a drastic measure is based on events from which the constitutional president of Colombia was exonerated by the Colombian Congress. In the opinion of observers, the U.S. decision constitutes a clear case of intervention in the affairs of another sovereign state.

This is precisely why the heads of state of Chile and Central American countries voiced their opinions against this measure — which seems to go against the very foundations of the international community — and the Rio Group signatories then followed suit.

This regrettable measure follows another unpopular decision by the United States — the Helms-Burton law, which has been pilloried both by European and Latin American nations over its extra- territorial characteristics.

In sum, we could be witnessing events which clearly show the United States' decision to lord it over the other countries in the world. Many people wonder if this is the New International Order that was spoken of following the crumbling of the Berlin Wall. It would be most regrettable if this were so because it is obvious that at this time in the history of mankind, nobody is willing to accept tutelage. This is unmistakably proven by the retaliations the EU is analyzing to counter the perverse effects of the Helms-Burton law.

With these measures, the Clinton Administration has elicited the comment that it has done a U-turn on its foreign policy and that it has given up being the good-natured Uncle Sam who offered a carrot in exchange for wielding a stick.

Thus, many earnestly hope President Clinton will draw inspiration from the words of Thomas Jefferson in the U.S. Declaration of Independence, and abandon his imperial dreams of times gone by.

Chile: Daily Urges Tougher Stance Against Drug Trafficking

PY1907023696 Santiago ESTRATEGIA in Spanish 15 Jul 96 p 3

[Editorial: "An Alert Signal"]

[FBIS Translated Text] In the past few days we have learned about serious drug trafficking incidents that have taken place in our country which have an obvious significance. The political, economic and social chaos that several neighboring countries have been submerged in because of the infiltration of drug trafficking in some or all branches of government is sufficient evidence.

Therefore, it is only reasonable for the National Defense Council to take part in the trial process undertaken to punish those involved in a drug trafficking ring responsible for smuggling into the country the largest shipment of cocaine hydrochloride (550 kg) that has ever been discovered in Chilean police history. Moreover, it is quite reassuring to witness that police, customs and court officials have handled these cases with great effectiveness.

Although the government is right in stating that we are not overwhelmed by drugs, there are many indications showing that the situation is deteriorating. So much so, that those familiar with the issue have stated that this last police finding confirms the theory that Chile has become a transit country for exporting cocaine produced in Peru, Bolivia, and Colombia.

Moreover, the fact that high-ranking political party officials have downplayed the problem is annoying. In addition to the statement made by president of the Chamber of Deputies who tried to give a low profile

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to the case involving three congress employees under investigation for their involvement in drug trafficking. President Frei also made a statement along the same lines. Referring to the issue, the president said that this is a very specific case that should not be generalized and that other institutions could also be affected by similar situations.

The president's statement is worrisome, to say the least, because it is extremely serious for legislative branch employees to be involved in situations of this nature. Moreover, this is basically an alarm signal because the real purpose of the drug ring and the extent of it are still unclear. All these points will only be clarified once the court proceedings are completed and the court issues its ruling.

Experience shows that one of the first objectives of drug traffickers is to infiltrate branches of government to undermine the stability of institutions and thus take control of the country at the political, economic and social levels. All Chileans must devote their effort to combat this appalling scenario. Therefore, we must not politicize the crusade against drugs because the yearning to defend some groups may in the end underestimate the phenomenon. The signs have been categorical and it is the duty of government officials not to ignore them.

In view of the seriousness of the issue, officials must make their best efforts to perfect drug control and drug prevention methods. Moreover, they should also bolster those legal tools which today are yielding successful results in the difficult task of halting the installation of drug trafficking rings in Chile.

Chile: EC Representative Marin Views Agreement With Chile

PY1807221496 Santiago ESTRATEGIA in Spanish 15 Jul 96 p 29

[FBIS Translated Text] EC Vice President Manuel Marin has reported that, during the latest summit of the Mercosur [Common Market of the South], the EU suggested to Chile the possibility of signing a framework agreement; but at the time Chile was "fascinated with NAFTA." The EU then predicted that before the United States approved the fast track [preceding two words in English], Chile would sign an agreement with the EU. Marin said: "And that is what has happened."

Marin said the EU never considered itself an alternative to NAFTA in Latin America. He said: "The EU favors subregional integration, based on its own model, which is the most developed in the world."

Independent of the objectives of either party, the agreement with the EU became effective before that of NAFTA and, together with Mercosur, has generated a triangular relationship (since the EU also has an agreement with the Mercosur), in which the common denominator is regional integration.

Manuel Marin told ESTRATEGIA of the differences between the agreements with Chile and the one with Mercosur.

He said: "Ever since the EU was created we never believed Latin America would integrate by mere political will, since each country is at a different stage of development." Hence the reason for signing different agreements.

[ESTRATEGIA] At what stage are negotiations with Mercosur?

[Marin] The basic idea is to treat Mercosur as the heart of regional integration. This process requires historic patience.

The agreement between the EU and Mercosur will need a couple of years to prepare the technical work groups for the deregulation of trade.

[ESTRATEGIA] How will the negotiations between Europe and Chile differ from those between Europe with Mercosur?

[Marin] On aspects where the Chilean economy has made more progress than Mercosur has, negotiation will be carried out at the pace Chile and the EU want.

This will be extremely useful considering the regional context. The fact of progressing in several fields with Chile will serve as experience or as an interesting political, economic, and trade exercise laboratory to make a global proposal to the Mercosur.

[ESTRATEGIA] Does this also include trade aspects?

[Marin] Obviously.

[ESTRATEGIA] Therefore, could it be considered that Chile will have shorter terms than Mercosur for the deregulation of its trade?

[Marin] It will be difficult to obtain shorter terms than those achieved by Mercosur on sensitive goods. I do not want to create false expectations but there could be other goods and services, like telecommunication, where progress can be achieved much faster with Chile than with the Mercosur.

[ESTRATEGIA] When will the negotiations begin?

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[Marin] As I told President Frei, we would like to form a joint commission by December and launch the whole process by January at the latest.

[ESTRATEGIA] What will be the main benefits of an agreement with Chile, for the EU?

[Marin] When we speak of benefits, I think it must always come from a sense of reciprocity because you don't sign an agreement with anybody unless you have an open intellectual attitude, knowing that you will always have to grant something in exchange. Such is the law of any international negotiation.

In the agreement with Chile, we confirmed the specific and individual situation of Chile as an interlocutor with the EU. This was the firm desire of the Chilean Government and we understood that it was necessary to give a political answer to this situation.

This agreement will allow us to work with Chile individually but also follows a EU strategy to promote subregional integration of the Latin American continent on new and different bases.

[ESTRATEGIA] The fact that Chile and Mercosur have an integration agreement also helps.

[Marin] The moment Chile decided to sign an agreement with Mercosur it also responded to a vision of integration which the EU, by virtue of its own vocation, must develop in the world.

Thus, within the short term we will form in the Southern Cone an area of political and economic stability which will become an important nucleus for investors, who will gradually integrate the system, as well as for the rest of Latin America. These are the two main points that inspired this negotiation.

Chile: Correction—Troops Protect Cargo of Explosives

PY1707153096 Santiago Universidad Catolica Television Internacional in Spanish 0100 GMT 17 Jul 96

[Corrected version of item originally filed as PY1707034196 and published on page 39 of the 17 July Latin America DAILY REPORT; correcting words between slantlines in final paragraph, penultimate sentence]

[FBIS Translated Text] A gigantic shipment of explosives, which is under Army protection, to be shipped to Ecuador appeared early today in San Antonio. Civilian and military officials said all security measures have been taken to prevent an accident.

[Begin recording] [Unidentified reporter] 124 tonnes of explosives that arrived by surface from Argentina were put in an empty lot less than 2,500 meters from the closest town near a land fill and one block from a modest rural house.

[Unidentified woman] They arrived at night and left the cargo here.

[Reporter] An army patrol is protecting this dangerous cargo. For the tranquility of the population the military experts said that all the necessary measures have been taken. They said it is practically impossible to have an explosion in case of an accident on the highway.

[Unidentified Army officer] As an example, only the heat of the explosion of a fuel tanker on the highway could detonate the explosives.

[Reporter] The community headed by the San Antonio mayor and the provincial governor also expressed concern for the transportation of this cargo through the city. The containers will be shipped to an Ecuadoran company this weekend at night during an operation that will be supervised by port officials. Another shipment of 33 containers containing the /ammonium gelignite/ is expected to arrive in the next few days to this site. Therefore, the total amount of explosives to be stocked here will be almost 1,000 tonnes. [end recording]

Colombia

Colombia: Chamber Representative Said To Lose U.S. Visa

PA1807184496 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 18 Jul 96

[From the "National Newscast"; monitored from relay by Lima Sistema Unido de Retransmision Television]

[FBIS Translated Text] Attention, please. There is an important news item for the country. The RCN [Santa Fe de Bogota Radio Cadena Nacional] network has just reported that the U.S. Government has cancelled the U.S. entry visa to Chamber Representative Carlos Alonso Lucio.

There are rumors in political circles that other Colombian congressmen are about to lose their visas.

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Colombia: Congressman Downplays Revocation of U.S. Visa

PA1907023296 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 19 Jul 96

[From the "24 Hours Newscast"; monitored from live relay by Lima Sistema Unido de Retransmision Television]

[FBIS Translated Text] Colombian Congressman Carlos Alonso Lucio today downplayed the U.S. decision to revoke his U.S. visa.

In a direct press release, Lucio said he would only discuss issues he deems important for Colombia's welfare. Lucio, who has led a much touted debate in the Chamber of Representatives on meddling actions by the DEA in Colombia, is the first representative to have his visa revoked, but it was revealed in Washington today that the same measure will be adopted against at least eight other congressmen.

Colombia: Government To Try To Improve Ties With U.S.

PA1007210596 Mexico City NOTIMEX in Spanish 1506 GMT 10 Jul 96

[FBIS Translated Text] Santa Fe de Bogota, 10 Jul (NOTIMEX) — The Colombian Government began a plan to improve relations with the United States, which have been deteriorating since March following Washington's "decertification" of Colombia's antidrug struggle.

Local government spokesmen said today that Defense Minister Juan Carlos Esguerra will travel to Washington next week to meet with high State Department officials and with Drug "Czar" Thomas Constantine [name and title as received].

Esguerra will request continued U.S. assistance to the Army, police, and other Colombian security and justice organizations for the struggle against drug trafficking mafias.

Justice Minister Carlos Medellin will then follow. He will hold talks with U.S. Attorney General Janet Reno and other justice officials on the need to maintain the exchange of evidence and judicial cooperation to chase and punish criminals.

The decision was made shortly after Ministers Esguerra and Medellin met in Santa Fe de Bogota with U.S. Ambassador Myles Frechette, with whom they reviewed the critical state of relations.

The difficulties, which began with the decertification, worsened after the Colombian Congress acquitted President Ernesto Samper from charges of alleged links with the Cali Cartel, which was criticized by certain Washington political sectors.

Commentary against the judicial ruling by Congress was described by the Samper government as Washington's clear meddling in the affairs of another state. Then came the announcement of U.S. sanctions, which have entered the relations into a state of crisis.

In the ministers' meeting with Frechette, topics were reviewed to do with the so-called certification. In other words, mechanisms for the struggle against drug trafficking, in which the United States expects Colombia's full cooperation.

At the meeting, discussions were held on the extradition of Colombians requested by U.S. courts, which Colombia will reply to in a few days, the toughening of sentences for "capos" tried in Colombia, and the review of the surrender to justice policy, among others.

The closed-door meeting lasted nearly two hours. The officials remained silent after the meeting, but Colombian officials said that everything is aimed at correcting abnormal situations, to prevent Colombia from again being decertified in 1997.

In addition, Minister Esguerra listed Colombia's actions against drug mafias, — supposedly the same ones that Samper presented to European ambassadors — which according to Santa Fe de Bogota, are very successful and show the country's commitment in this field.

It is expected that following Esguerra and Medellin's visit to the United States, relations will become normalized, and the application of the announced sanctions, which were to initially affect airlines — a topic that caused a broad dialogue between the two countries — will be averted.

Colombia: Ex-Minister Cites Reasons for Strained U.S. Ties

PA1807154096 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 18 Jul 96

[Video conference interview with former Foreign Minister Rodrigo Pardo by Jorge Enrique Botero; place not given; from the "24 Hours Newscast"; monitored from relay by Lima Sistema Unido de Retransmision Television — live]

[FBIS Translated Text] [Botero] Regarding the topic of our country's foreign relations, we are now with former Foreign Minister Rodrigo Pardo. Dr. Pardo, good evening. In your opinion, who is to blame that relations with the United States are in their current state?

[Pardo] I say that there are three culprits: First of all, drugs are such a complex problem that they will always

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cause frictions in relations. Second, U.S. policy toward Colombia is wrong, unfair, and is causing the opposite effect of what the U.S. claims to be their own goals, which supposedly is to seek to improve the effectiveness of the struggle against drug trafficking. Third, the response of Colombian society to this mistaken U.S. policy many times has also been mistaken. On many occasions, we, for having washed our dirty laundry outside, have helped hurt bilateral relations.

[Botero] Dr. Pardo, do you fear losing your U.S. entry visa?

[Pardo] No, I hope not. The truth is that I see no reason.

[Botero] Now, as a journalist, how far will your loyalty to the president reach?

[Pardo] Friends are forever and one does not cast them aside like old shirt. Professionalism and objectiveness are essential conditions for any job. In my case, I hope to be able to demonstrate this over the weeks.

[Botero] Many thanks, Dr. Pardo, and much success in your new job as a journalist.

Colombia: Interior Head 'Unexpectedly' Flies to Germany

PA1807153196 Santa Fe de Bogota EL TIEMPO in Spanish 17 Jul 96

[Received via Internet]

[FBIS Translated Text] After a busy week, following the cancellation of President Ernesto Samper's U.S. visa, Interior Minister Horacio Serpa Uribe has unexpectedly flown to Germany on official mission. According to officials at his office, Serpa, in Bonn, will attend an international meeting on human rights.

Once in Bonn, Serpa will meet with nongovernment organizations interested in human rights matters. He will also brief the international community on a new specialized administrative unit, which will work under the direction of his office.

Sources close to the Colombian Government and political parties, nevertheless, have stated that Serpa will actually attempt to establish contact with German Chancellor Helmut Kohl and request support for Colombia during these challenging moments in Colombian-U.S. relations.

Serpa plans to remind German Government circles that Kohl offered, during Samper's visit to Germany on 5 October 1995, to help smooth things over with U.S. President Bill Clinton.

A source has stated that "it is strange that newly appointed Foreign Minister Maria Emma Mejia was not sent, instead, if that is the true purpose of the mission."

And the Embassy?

The possibility that Serpa is paving the way for his possible appointment as ambassador to Germany has not been ruled out, since his replacement as interior minister is imminent. "The possibility exists, but is unlikely at this time, because current Ambassador Jorge Bendeck Olivella is doing a fine job," a Foreign Ministry official has explained.

Serpa's mission is also part of an international "offensive" that the government has embarked on to find new allies in the industrialized world. With that goal in mind, Deputy Foreign Minister Juan Fernando Cristo visited Japan last week, and Energy and Mines Minister Rodrigo Villamizar and Agriculture and Livestock Minister Cecilia Lopez Montano are scheduling new visits abroad.

The matter of relations with the United States, however, will not be neglected. Foreign Trade Minister Morris Harf is currently visiting there.

Colombia: Venezuelan Guards Said To Fire On Officials

PA1807195296 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 18 Jul 96

[From the "National Newscast"; monitored from relay by Lima Sistema Unido de Retransmision Television]

[FBIS Translated Text] A new incident has taken place with Venezuela. This time it involves no less than Colombian Foreign Ministry officials, who were attacked by the Venezuelan National Guard. The commission was moving along the Arauca River when shots were fired. We have spoken to our ambassador in Venezuela.

In the boat there were two Colombian Foreign Ministry officials, one from the Transportation Ministry and another from the Agustin Codasse Institute. They were traveling on the Arauca River bound for Barranquilla, the department's capital, when they were intercepted by Venezuelan guards who fired at them. No one was hurt and the craft was undamaged. The Colombian Government has already requested an explanation from the Venezuelan Foreign Ministry.

[Begin Colombian Ambassador to Caracas Guillermo Alberto Gonzalez recording] Due to the nature of the incident, I consider it to be delicate. It warrants an immediate investigation, such as we have requested

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from this embassy, by the Venezuelan Foreign Ministry and Armed Forces. We have requested that we be informed of the findings. [end recording]

The officials' visit had been announced by Colombia through a communique, on 11 July, to the Venezuelan Foreign Ministry. Venezuelan Foreign Minister Miguel Angel Burelli announced that an investigation has been opened.

Colombia: Outgoing Foreign Minister Pardo Interviewed

PA1807232096 Santa Fe de Bogota EL ESPECTADOR in Spanish 15 Jul 96 p 6A

[Interview with outgoing Foreign Minister Rodrigo Pardo by international editor Pastor Virviescas Gomez; place and date not given: "Far From Breaking With the U.S."]

[FBIS Translated Text] [EL ESPECTADOR] If these are the first rain drops, what will the downpour be like?

[Pardo] I believe we will be having more of the same. It would not be realistic to say that things are going to be solved overnight. At any rate, I do believe there are restraints that will prevent any break in relations or a really major confrontation. The historical moments encourages reflection, and the drug issue prompts us toward cooperation.

We may be at a difficult stage, but I refuse to believe that there could be a deterioration of relations with Colombia similar to what Cuba and other countries opposed ideologically to the United States have had for the past years.

[EL ESPECTADOR] However, Samper could well turn around and point out to Clinton: One moment, you are addressing the president of 113 Nonaligned Movement [NAM] countries. Is this correct?

[Pardo] We must understand what the NAM really represents, and that it does exert some influence within the framework of the United Nations and multilateral policies. It is no surprise to anyone that the Clinton administration is more and more skeptical, and with a inclination to torpedo multilateralism over and over. Evidence of this lies in its announcement to veto the reelection aspirations of the UN secretary general six months before the elections are scheduled to take place, despite the fact that he already has the support of the African nations and even some Security Council members such as France.

[EL ESPECTADOR] What about the appointment of a Colombian ambassador to the United States?

[Pardo] The president has decided to postpone this decision until he has a much clearer perception of relations with the United States, and after the internal situation stabilizes somewhat following the decision by the Chamber of Representatives. Whomever is appointed to the position must be a person more willing to work on a tight schedule than attending big ceremonies. Most of all the candidate must be someone endowed with a conciliatory disposition, and not someone that is conflictive.

[EL ESPECTADOR] Do you see yourself entering the United States through that "opening"?

[Pardo] No, I would rather recommend taking advantage of such an opening to solve the situation between the United States and Colombia. What the United States is currently doing is going to be harshly criticized in the future, and what is really in doubt is the likelihood of maintaining the special alliance for the struggle against drug trafficking.

[EL ESPECTADOR] It is said that when Samper, as president elect, visited the United he was forewarned to "behave himself" or they would pull the carpet from under him with all the information they had against him, and make him pay dearly.

[Pardo] There was a meeting where it was said that the struggle against drug trafficking would be fundamental to the type of relations they would have with the president. In fact, it was pointed out that what was said during the campaign was not important, but rather what would come in the way of concrete actions by the new government against drug trafficking. Everything else is mere speculation.

Frechette Was Left Without a Gift

[EL ESPECTADOR] If you had to give U.S. Ambassador Frechette a gift, what would it be?

[Pardo] ...The truth is that this is a bad day to be thinking of that. If you had asked me that question prior to the president's visa being revoked, I would have answered that my opinion of Frechette is much more positive than what the majority of the people have...

[EL ESPECTADOR] He is not the Dracula that Ambassador Lleras says he is?

[Pardo] No, the people strive to take out their dissatisfaction with respect to U.S. policies with Frechette. This is somewhat unfair since he is merely a component, and not responsible for designing policies but in executing them. It is not a problem of feeling but one of rationality.

Today I would not give him any gift, but last week maybe I would have presented him with a trip to some

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of Colombia's more beautiful regions. It would please me if he could counteract the harsh experiences he has had in Santa Fe de Bogota with beautiful experiences in regions such as Providencia, Leticia, Putumayo...

[EL ESPECTADOR] So that the tiger can eat him up?

[Pardo] No, so that he can spend less time over here...

Colombia: Minister on Illegal Enrichment, Extradition

PA1807184596 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 18 Jul 96

[Telephone interview with Justice Minister Carlos Medellin by news director Dario Arizmendi and reporters Carlos Ruiz and Edgar Artunduaga in Santa Fe de Bogota; from the "Caracol's 0600 to 0900" newscast — live]

[FBIS Translated Text] [Arizmendi] On 20 July, President Ernesto Samper Pizano will deliver a speech for approximately 40 minutes to present his legislative agenda. Among the most significant projects, a package on the administration of justice; the reduction and change of the surrendering policies that have been in effect since the previous administration; and tougher sentences for drug trafficking, subversion, and terrorism stand out.

[Ruiz] The Congress president yesterday was telling us here in Caracol Network that the government has also committed itself to pass a constitutional reform to restore extradition. Likewise, President Samper yesterday said in Cucuta that a bill restoring the post of the presidential designate, instead of the vice president post, which has triggered many controversies in the last few months, will be presented.

Caracol Network now will talk to Justice Minister Carlos Medellin. Good morning, Mr. Minister.

[Medellin] Good morning, Carlos. How are you?

[Ruiz] Very good, minister; thank you very much. We would like to ask you about an issue that triggers tension and catches the attention of the country's political and judicial classes: the decision the Constitutional Court [CC] will render within the next few hours regarding illegal enrichment. Is it a felony [autonomo] or a misdemeanor [subsidiario]? In other words, it is a decision that will determine if the illicit source of money for the purchasing of certain goods has to be proved first or not. Mr. Minister, what is the government's final position on this issue? Does it or does it not agree with illegal enrichment being a first-degree or second-degree crime?

[Medellin] Well, we have forwarded an essay to the CC defending the constitutionality of [words indistinct] that has indeed been useful for drug-trafficking investigations, that has indeed been useful for investigations into cases of illegal enrichment, because what it usually happens is that it is not completely evident and is not completely easy to prove drug trafficking itself. However, since illegal enrichment is... [pauses] since not being able to justify what one has at a given time is an objective situation, it has been useful for this type of investigations. We certainly defend the constitutionality of this criminal figure.

[Arizmendi] The CC must render a decision within the next few hours. Do we know the terms of the position paper of Magistrate Alejandro Martinez Caballero opposing this? If the CC majority supports Martinez's position, what would the government's position on this decision be, Mr. Minister?

[Medellin] Dario, first, respecting all legal decisions made in Colombia is our obligation. Second, we must know the details and [words indistinct] the details of the legal decision. Third, taking advantage of the legislative agenda to... [pauses] if the CC has objections on the figure, I would say that the existing legal disadvantages of the legislative agenda must be corrected. Let us hope that this will not be the case.

[Ruiz] What is the government going to do, Mr. Minister, to try to make Congress approve, for you in particular and the government in general, the large package [paquetaco] of drug-related bills?

[Medellin] That is a good question [word indistinct] however, I believe that now it is the right time to show to the world and Colombia that we are truly committed with the fight against narcotics. There has been much talk about ties among congressmen and drug cartels. Some congressmen have confessed, and serious investigations into this situation are being conducted. However, we cannot accept the fact that the entire Congress and all Colombian congressmen are involved in this. Intending to believe that this is a widespread situation is irresponsible. I believe that, with the efforts of congressmen, most of whom have informed the justice minister and the president of their interest and their commitment with this agenda, and with the help of the media and you, we believe that we will succeed with this very significant initiative.

[Ruiz] Is the government going to forward a bill restoring the extradition of fellow nationals?

[Medellin] Carlos, the president has said that the government does not fear this issue; he has also said that it will create a very high-level commission of experienced lawyers to handle this issue, especially at the national and international level. We are already doing

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so, because this is what national advisability indicates: present a bill. We will do it with no problems whatsoever.

[Arizmendi] But, minister, what determines this national advisability: the government or public opinion? How is the government going to do it? In other words, is it going to present this bill or no?

[Medellin] Dario, we have no [word indistinct] instructions from the president, and the Council of Ministers did not address the issue. The government has not yet made a decision to draft the bill or to present it. We are evaluating the current situation and what is being thought about it. We want to listen to all sorts of opinions. I believe that it is a very delicate issue, and the facts in the case are not, let us say, peaceful regarding the extradition issue. However, there will come a time — as soon as possible, I hope — when the Council of Ministers, high-ranking government officials, the president, and his aides will certainly make a decision.

[Artunduaga] In talking to Ambassador Frechette or some other U.S. Government officials, has it been determined if this package of bills the government will submit to the consideration of Congress pleases the U.S. Government?

[Medellin] Well, whether it pleases the U.S. Government or not... [pauses] whether we asked if it likes it or not [words indistinct], Edgar. The truth is that during the 1988 Vienna Convention, which was a world convention on drug trafficking and in which the United States and Colombia participated, there were very clear indications of collaboration and cooperation among countries to exchange information and aid [words indistinct] we have done this with many countries, including the United States [words indistinct] the comments we have heard, he have examined them together. However, as for its approval or something like that... [pauses] even though the concept of sovereignty has changed a great deal lately, we are not in such a terrible situation as to request permission to present a bill or not.

Colombia: Protesting Peasants Occupy Airport in Guaviare

PA1807174296 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 18 Jul 96

[Report by Patricia Parada and Hayder Castro; from the "24 Hours Newscast"; monitored from relay by Lima Sistema Unido de Retransmision Television]

[FBIS Translated Text] The peasant march in Guaviare has become complicated. In Miraflores, hundreds of people protesting public order measures occupied the airport to prevent the landing of a plane laden with food. The runway was cleared by gunfire.

The Miraflores Airport runway had to be cleared by gunfire because 8,000 peasants from 26 settlements were blocking arriving flights. The farm hands refuse to leave the runway because they believe that the government is solely to blame for the crisis that resulted after the area was declared a special public order zone and illegal crops were fumigated.

[Begin recording] [Peasant Martin Leguizamo] We are not going to allow airplanes to depart because there was no reason for the soldiers to fire on us like they did. We are not against the military; instead, we want the national government to fix the problems we have here in Miraflores.

[Miraflores Councilman Juan Henao] We have to protest against the national government, which is the one that issued the orders. They [the soldiers] simply follow the president's orders. [end recording]

But the peasant mobilization, which according to the military is sponsored by narcoguerrillas, is not the only problem. There is a shortage of food; businesses and even clinics remain closed for fear of reprisals by the farm hands.

Tensions increased after 1800 when people sought protection in shacks right in the middle of the runway while Army and antinarcotic police patrolled the zone.

Roads to places such as El Retorno and San Jose de Guaviare, the capital, have been blown-up to prevent access by demonstrators, which according to official spokesmen, are guided by narcoguerrillas. El Retorno village in Guaviare Department is under siege by the Army to prevent thousands of peasants from reaching the capital.

According to the Army commander in charge of the 4th Division, the exodus organized in Miraflores and El Retorno, is sponsored by guerrillas.

[Begin General Nestor Ramirez recording] I believe that there are between 2,000 to 2,500 people who are dedicated to illegal crops organized by the FARC [Revolutionary Armed Forces of Colombia] cartel. [end recording]

Last night, in a clash between demonstrators and public forces, a minor was wounded by Army tear gas. Guaviare Department Governor Eduardo Florez Espinosa suggested that the peasants be allowed to arrive in San Jose in order to begin a dialogue to solve the department's socioeconomic problem, which originated with destruction of coca crops.

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[Begin Florez recording] I do not want this to be misunderstood and to think that I favor the strike or am pushing it. On the contrary, I want this be handled in a civilized manner. [end recording]

With 36 trucks laden with food supplies, the peasants say that they will not abandon their drive until they arrive in the Guaviare Department capital, San Jose.

Colombia: Government, Business Groups Meet, Seek Solutions

PA1907002296 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 16 Jul 96

[Report by Fanny Stella Pallares from the "24 Hours" newscast; monitored from live relay by Lima Sistema Unido de Retransmision Television]

[FBIS Translated Text] The government's economic team and the National Business Council met to find a joint solution to the woes of the Colombian economy, which shows serious signs of a recession. Today's assessment is very discouraging. In this assessment, business associations warn about the economy's tendency to slump given the high interest rates, unemployment, negative effects of the political crisis in investments and businesses, guerrilla groups' and other criminal organizations' violence, and deterioration of relations with the United States.

[Begin recording] [Jaime Alberto Cabal, president of the Colombian Association of Small Industries, in progress] ...above all, the commercial agenda, based on the complicated relations that currently prevail with the United States, and relations with several other countries, which have begun to deteriorate given the country's image.

[Maria Isabel Patino, president of the Colombian Association of Flower Exporters] I think it will be difficult to carry out proposed policies with the current political atmosphere, and the crisis in our relations with the United States. [end recording]

Consequently, they gave the government a piece of their mind today in a preliminary meeting to reactivate the economy.

[Begin recording] [National Federation of Businessmen President Sabas Pretelt] It is not easy to recover the ability to rule with the mistrust that currently prevails concerning the Colombian Government, as a result of the latest events.

[National Association of Industrialists President Luis Carlos Villegas] The president has the opportunity to consult everyone, above all, his conscience. [end recording]

The government agrees with the economic associations on many of these concerns and it established the first pledge.

[Begin Finance Minister Jose Antonio Ocampo recording] The basic goal is to lower interest rates. That is the number one item in the reactivation agenda. [end recording]

Colombia: Reasons Government 'No Longer Viable' Viewed

PA1807142596 Santa Fe de Bogota EL TIEMPO in Spanish 16 Jul 96

[Article by Hernando Gomez Buendia: "And Now What?" — received via Internet]

[FBIS Translated Text] This government is no longer viable. This is why the only wise thing to do is to find it a swift and as decorous as possible a solution.

First, it is no longer viable at the world level. In the 16th century, Bodin said that "the prince has four weapons: wealth, truth, internal unity, and allies." Well, Colombia has no wealth for the United States. It does have the truth either: The world opinion is convinced that what indeed happened here. Colombia has no internal unity, and it no longer has allies. Besides obvious statements against interventionism, no country is willing to defend an extremely discredited character. So, let us not be mistaken: Internationally speaking, the government of Samper is over.

Second, at the internal level, the government is not viable for six reasons: 1. The closing of the investigations failed to improve governability; no one changed his mind with the ruling, and no one supported [jalo] the cabinet of national union. 2. The ruling remains under judicial consideration [sub judice], and scandals continue (for instance, the Osorio case). 3. The "reconciliation" is nothing more than a disguised revenge against the Prosecutor General's Office and judges more because of the payment to the political class under the pretext of financing future campaigns. 4. Samper has failed to muster more support; on the contrary, De la Calle, the Armed Forces, EL TIEMPO, the USO [Workers Trade Union], and other unions have distanced themselves from him. 5. Public order, economic indicators, and the social situation keep deteriorating. 6. The president no longer embodies the nation; he is the cause and symbol of a growing polarization, which is killing our national integrity.

With the gringos' open intervention, Samper has three options: the Serpa path, contortion, or withdrawal.

1. I sadly have to say that Horacio Serpa ended up being the mixture of three things: the evocation of

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the stale anti- imperialism of the 1960's, a populist discourse made out of love for the poor and out of ignorance on how to combat poverty, and retail and wholesale influence peddling to put consciences and congresses in line. Thus, Samper can embrace Serpa and end embarking us on a nationalist and populist adventure in influence peddling, which would simply pit Colombia against Planet Earth.

2. However, what is national and popular would barely constitute hymns for a gallery. Samper will belittle the gringos, but will do whatever they please. He will fatten the downtrodden's hopes and the very wealthy's pockets. He will augment his improbable nationalist contortion: "I do not need the U.S. permission to fight against the enemy... of the United States."

3. The resignation option remains, which is becoming more urgent and more difficult by the day. It is more urgent, because Colombia is crumbling on the inside and on the outside; it is more difficult because of the president's pride and, above all, because of the silent contest to succeed him. Let us not deceive ourselves: What is really making Samper hold on to power is our leaders' inability to place national interests above their tangle of machinations and schemes to agree on a formula and some interlocutors who will negotiate a solution. If the "factors of power" — the vice president, candidates, former presidents, economic think tanks, business associations, the media, unions, the Church — would speak one voice only, would there be a doubt that Samper would have to listen to it?

Colombia: Brother of Paramilitary Leader Interviewed

96GE0071A Santa Fe de Bogota SEMANA in Spanish 9 Jul 96 pp 32-38

[Interview with Carlos Castano, brother of Fidel Castano, near the Cordoba-Antioquia border; date not given]

[FBIS Translated Text] A few weeks ago, leaders of the self-defense group contacted SEMANA. The result of this was the idea for an interview with Carlos Castano, brother of the founder of the self-defense groups and a member of their staff. Although SEMANA does not usually interview persons who are wanted by the justice system, it opted to make an exception, for two reasons: first, because a few months ago the government had contacts with this organization aimed at carrying out a peace process; and second, because, rather than giving a defense of his group's activity, the interviewee promised to reveal the details of those contacts, as well as a highly significant event: his brother's disappearance.

The reporter Oscar Montes went to a border zone between Cordoba and Antioquia, where he met with Castano. Following are the main portions of the lengthy interview:

[SEMANA] What happened to Fidel Castano? There are some rumors indicating that he was killed in a confrontation with the FARC [Revolutionary Armed Forces of Colombia], while others claim that he is in Paris or Israel...

[Carlos Castano] Not even we ourselves, not even I, his brother and a member of the self-defense groups' staff, have any real knowledge of what happened to him. Personally, I believe that Fidel is dead; but moving from that conviction to certainty is highly complicated. Fidel has often used Panama as a place for rest and meetings. On one occasion, he left accompanied by five of his best men, taking a route on which there apparently has never been a guerrilla presence. That was by leaving Unguia, passing through Arquia, and reaching the top of Darien when exiting Panama. He took with him a few plans to propose to certain persons there, related to the counterinsurgent problems that we were dealing with. Neither Fidel nor his men arrived there, and they have not appeared to date. I repeat, I am inclined to believe that he is dead, although until now we did not want to state it so categorically. That is the absolute truth.

[SEMANA] When did that trip of Fidel Castano's take place?

[C.C.] He left in mid-1994, shortly before June or July. I think that the same thing happened to us with Fidel as occurred to Arturo Cova, the leading character in Jose Eustasio Rivera's novel, LA VORAGINE [The Whirlpool]: the jungle devoured him. Fidel's disappearance has become another dilemma in our lives.

[SEMANA] Why have you all kept silent for such a long time?

[C.C.] By consensus: the staff of the self-defense groups decided not to mention it, because it is the strangest uncertainty that has ever occurred in our lives.

[SEMANA] That incident still seems odd. And what happened to the five companions?

[C.C.] The fact is that, if one of them had appeared, we would have opened an investigation. But none of them has shown up. At first, we thought that it might have been the guerrillas, but why didn't they take credit for it? An act such as that would represent for the guerrillas the hardest blow ever dealt to the self-defense groups in Colombia. It could even have meant the beginning of the end for the self-defense groups.

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[SEMANA] Some time ago, the rumor was circulating that Fidel Castano had been killed in a confrontation with the FARC. Do you all reject that rumor?

[C.C.] That is absolutely impossible. I have been heading the investigation, and can say that this never happened. That rumor is untrue.

[SEMANA] If Fidel Castano is dead, the question now is who is heading the self-defense groups?

[C.C.] Fidel was not the supreme commander, even when he was heading them. It is very complicated for an armed organization as large as ours, which has multiplied mathematically during recent years, to turn over its command to a single person. The self-defense groups have a staff in which there is no absolute command. However, I must say that when differences occur, my position is very respectful, but not on every occasion.

[SEMANA] How have the self-defense groups taken Fidel Castano's disappearance? It must have been a very severe psychological blow.

[C.C.] It was not so severe, because it was something gradual. There are still a great many of us who refuse to believe what could have happened. Some may have thought, at a particular time, "man, he took off...he became tired of the organization." That is claimed by those who do not know him as I, who was born and grew up beside him, do. But I am sure that he would not abandon the organization in such a strange way either. He would have left his instructions, if it was his desire to disappear or go to another country. But I would have known about it. The fact is that the blow has been very gradual, because we have followed his instructions. Without Fidel's presence, we have proceeded exactly the same, except that, to replace him, we had to include three more men on the staff. But I think that if the news had been abrupt, the self-defense groups would have been shaken. In fact, this is a very heavy blow to everyone, to the family. This is the creator, our leader. My God, it would have caused such a great psychological impact that some would have opted to abandon the struggle. The fact is that we are in a situation in which we can no longer abandon this.

[SEMANA] An incident occurred recently, which was interpreted as your members' final break with the Cali cartel: it was the death of Jose Santacruz Londono.

[C.C.] No, the Santacruz case is a particular one involving Mr. Santacruz, which has features associated exclusively with that gentleman. It is something quite different. When Santacruz escaped from La Picota in Bogota, we learned through a mutual friend that he made contact with the FARC militias in Medellin. In our view, that was not at all fitting. We refused to believe it at first. Nevertheless, we remained in suspense, because it is not my style to accuse a person if I have no reason. I think that it is a problem associated with the police. I cannot become involved in every war, at any time, much less with people of that stature.

[SEMANA] But then, what did happen?

[C.C.] It was perhaps a month or a month and a half after our people in Medellin captured "Camajan," who is one of the FARC commanders that they call monitors: in other words, those who go around checking on all the militia chiefs in the cities. How could we fail to be surprised when the fellow in the interrogation reconfirmed to us that, rather than a contact with the FARC, there had been something very serious and disturbing to us? It had begun brewing since the time when the FARC had kidnapped a sister of Santacruz in Cali. That prompted Santacruz to take as hostages some relatives of Pablo Catatumbo, including his sister. In those negotiations, they agreed on mutual respect, and a connection began to be formed that would prove very dangerous to us in the future. We knew that Santacruz had already gone over to the FARC. We also discovered, because we were told by that person, that among the plans that he had for being received in the FARC (in the event of their negotiation with the government), and also for being considered a political criminal, was the turning in of one of the Castano brothers. We were quite disappointed, because we had not done anything to Santacruz.

[SEMANA] How did your people's turning in of Santacruz occur?

[C.C.] I had been attempting for many days to be given the opportunity to turn him in. He was unaware that I had already found him out. One day, I learned that he was at an estate in the vicinity of La Ceja, east of Medellin, and, on that day, intended to meet with an FARC commander in the upper cross-section of Medellin, on a site called La Cascada. It is a solitary place, among trees, and very peaceful, where people go to drink their whiskey. I called the general directorate of police in Bogota, and asked to speak with General Serrano, but he did not consent. In his absence, I contacted an official who identified himself with the rank of colonel. I told him: "I am Carlos Castano Gil." I identified myself because they had surely intercepted my calls, and could compare my voice. I gave him all the information: the car in which he was traveling, the time, and everything necessary. That was the extent of my participation. When he appeared dismissed, it was due solely to the police operations. Everything from that time on has been public knowledge.

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[SEMANA] Was the day of your call the same one on which they dismissed Santacruz?

[C.C.] No, there were two calls. I called one day, and spoke with that military man. I told him that they should be prepared for the next day in a certain place, and that if they had operatives, they should remove them, because what I was going to give them was official. That call was made at 1000 hours on the day before. The next day, at 1400 hours, I learned from an informant who had been talking to Santacruz at a business establishment in Llanogrande the site that he had agreed upon for meeting with this person. Then I called Bogota, giving more details. Later, I began listening to the radio, and at 2100 hours, the news broke on Caracol [Colombian Radio Network].

[SEMANA] There was another rumor to the effect that you all had turned Santacruz in, but dead.

[C.C.] For God's sake no, never! Furthermore, if I had had the capacity, I would have taken him there, put him on trial and, if he proved guilty, he would have died there, because what he did is called betrayal. What I did is called preventing a betrayal and punishing a traitor. I wish that I could have captured him.

[SEMANA] What was your reason, initially, for not taking credit for that act?

[C.C.] A day after Santacruz was caught, I called Doctor Roberto Uribe, a defense attorney for Miguel Rodriguez in Medellin, and said to him: "Tell Mr. Miguel Rodriguez that I assume responsibility for informing on Mr. Santacruz, and that, this week, I will send him a cassette and some documents, so that he can tell me whether I am a traitor or whether I acted rightly."

Two weeks later, I received a letter from Miguel Rodriguez, in which he told me: "Mompa, I would have done the same thing." That was never a secret. An organization that carries out an action and does not claim it is a dirty organization. If Santacruz had only become allied with the FARC, that would even have been accepted immediately, although we have established the slogan that the friend of our enemy is our enemy. But it would not have brought us to that point immediately, because we did not know whether the Rodriguez brothers were informed of what was happening. However, it is clear that Miguel and Gilberto Rodriguez did not know about it, just as it is clear that Santacruz escaped from La Picota without their knowledge. But what we did regard as a betrayal was that, for Santacruz to obtain a pardon at a given time, he had to turn in a Castano. For God's sake, if that is not sufficient reason, then let them consider me a traitor.

[SEMANA] How did Jose Santacruz' death affect your relations with the Cali cartel?

[C.C.] I no longer had a relationship with them. When the Pablo Escobar episode ended, each one became engaged in his own affairs. But, besides, the Rodriguez brothers have never done anything against me.

[SEMANA] Since you mention Pablo Escobar, how and why did the final break with him occur?

[C.C.] It occurred when Pablo Escobar was at la Cathedral. Some differences had already arisen between Fidel and Pablo, and as a result, the ELN [Army of National Liberation] did a great deal of work for Pablo, and they had very good relations. Pablo, in his desperation after the escape, was even at the point of going to where the ELN was located, but feared that they might turn him in immediately. Fidel warned Pablo not to strengthen the enemy of the self-defense groups. Then an incident occurred that changed everything. There was an individual in Medellin named Fernando Galeano, for whom Fidel had great esteem. He was a drug trafficker, but a non-violent drug trafficker. When they made an appointment for that man at la Cathedral, supposedly to discuss the country's problems, Pablo also invited Fidel, but he did not attend that meeting because he was on one of his trips to Panama. It was there that the murder of Galeano and of a Mr. Moncada, whom I never met, occurred. At that time we realized that Pablo was an unprincipled man. So, it is not that we would have voluntarily held a confrontation with Pablo. It is simply that Pablo found out that Fidel knew of his intention to kill him. And Fidel, who has never been favored in this country, would not leave him alive either. We knew that Pablo's attack was about to begin. At that time, all of us Colombians felt persecuted by Pablo Escobar. That was the origin of the Pepes [Persecuted by Pablo Escobar groups].

[SEMANA] That creation of the Pepes evoked any number of feelings pro and con, but the people were never clearly aware of who they really were and how they came into existence.

[C.C.] What happened is that the fear of Pablo Escobar that existed was dissipated among the 30 million Colombians. Just as in the children's game, there was simply a need for someone who would dare to bell the cat. Then, Fidel appeared and began gathering people together. He called a meeting in Medellin that was perhaps the most multifaceted meeting of prominent figures ever held in the country. There were industrialists, politicians, livestock raisers, members of the self-defense groups, and even representatives from other organizations that were enemies of Pablo Escobar.

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Fidel told them that they had to help us, and explained the strategy for how they must put an end to Pablo. When he stopped talking, one of the attendees said to him: "Sir, do not force us to do this because, if we help you, Pablo Escobar will kill our family." And Fidel's response was forceful: "Gentlemen, if Pablo Escobar kills your family because they are helping me, then I will kill up to the last of his relatives if they help him." That proved vital. I recall one of the attendees, who now holds a high position, saying: "This is the beginning of the end for Pablo Escobar." That was his prediction, and so it happened.

[SEMANA] How did the Pepes receive funds from the Cali cartel?

[C.C.] The Cali Cartel was really paying money to whoever would furnish it with information. And, why deny it?, I too received a large amount of information coming from Cali: 50 percent of the key reports arriving came from Cali. The network of informants that those gentlemen had was alarming.

[SEMANA] How did Pablo Escobar's death occur?

[C.C.] I think that what we should be grateful for, if there is any gratitude for an organization that has acted well, is the fact that Pablo Escobar had never before been alone, trapped at a house in the city. That is how the National Police found him; that is all. I do not intend to give details on the operation.

[SEMANA] How many men belonged to the Pepes?

[C.C.] It is commonly thought to consist of a multitude of persons. There were only 27 men in the operative section, and perhaps about 10 or 12 working at certain locations and seeking information. The fact is that they were posted at very key sites. Some were infiltrated into Pablo's own organization. There were never more than 50 in all. It is easy to put an end to an organization when one uses persons from the same organization that it is desired to terminate. Hit men have no principles; they are not entrenched in any struggle. They are like a weathervane, shifting wherever the strong wind blows. In the end, Pablo Escobar was forced to admit, while still alive, that he had no friends in life.

[SEMANA] What did you all do to convert the fear inspired in you by Pablo Escobar into an asset for defeating him?

[C.C.] In fact, the distance separating the two is very slight. We feared Pablo very much. Terror was what we felt, because Pablo thought that "anyone who is not with me in a war is against me." When anyone made the decision to confront him, it was based on the principle that such a person was a dead man. Until that time, Pablo Escobar had not lost a single war in Colombia: he even won the war against the government, bringing it to its knees. At the time, I recall Fidel saying: "We must start with the principle that we are dead men. We must take a break in our war against the guerrillas. What we are going to do is also fitting, because we are making use of our right to a legitimate defense. We must defend ourselves from those attacking us." It was easier to fight, and have a chance of emerging alive, than to remain defenseless.

[SEMANA] Was there any possibility of a truce during that war? Did Pablo Escobar ever take out the white kerchief?

[C.C.] Never; in fact, that cannot happen in wars like this. It was impossible to propose a truce with a thousand-headed monster like Pablo Escobar. Besides, a man as proud as Pablo had to drop dead.

[SEMANA] There is one unconcealable fact: namely, that the war against Pablo Escobar united you all much more closely with Cali, because of that slogan that the enemy of my friend is my enemy.

[C.C.] We have never been either the best of friends or enemies with the Rodriguez gentlemen. Now, if you ask me what I feel for the Rodriguez gentlemen, my response is gratitude, because it was encouraging for me to know that Medellin was not alone against Pablo, and that he had more enemies in another city. But, once Pablo Escobar was defeated, each one returned to his own affairs.

[SEMANA] Moving to another topic, what is going on in Uraba?

[C.C.] We have assumed the task of eradicating the guerrillas in Uraba. That is why we now have fronts in Urrao, Caicedo, the entire southwestern part of Antioquia, Frontino, and the banana zone. I think that the origin of the savagery lies in the "lumpenization" [creation of an underclass] in the FARC, and in the fact that, since they are losing the war, they are resorting to the dirtiest type of strategies. If the FARC lose the war in Uraba, it is the beginning of the end for that organization. On that day, no one will be able to stop the advancement of the self-defense groups. Under the present circumstances, we view with approval the creation of a Human Rights Office of the United Nations High Commissioner in Uraba. With them located there, it will be possible to learn about the human rights violations committed by the guerrillas, and not from those who are going around lobbying in Europe and Mexico, spreading disinformation.

[SEMANA] Oddly enough, both Alfonso Cano and you have told SEMANA that you have no intention of

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yielding in Uraba. And what will happen to the civilian population?

[C.C.] That is what most concerns us. But, on repeated occasions, both publicly and privately, I have invited the FARC, through many organizations, to sit down with us and establish a regional war treaty, so that we may specify, individually, those whom we must respect and those who we must not, because that blasted Geneva Protocol II is never going to be implemented. It is impossible to achieve that in this irregular war.

[SEMANA] What has the FARC response to your proposals been?

[C.C.] Showing the same cynicism with which Mr. Cano granted that interview to SEMANA, they argue that we are prostitutes of the Army, and that they are the ones giving us orders. What they want is for the troops to intensify their action against us, because they know that it is the only means that they have to avoid leaving Uraba defeated.

[SEMANA] What is the exact relationship between the self-defense groups and the military?

[C.C.] I think that, some day, we will be attacked with the entire Army, but not so long as the guerrillas exist. If I were commander of the Army, I would give priority to those who are extorting, to those who are kidnapping, and others. We shall continue later: there is not the slightest doubt of that. But it is a good thing for Mr. Cano to know that, in the event of negotiations with the government, they must take us into account. We have not fought against the guerrillas for over 15 years to be mere spectators in that process.

[SEMANA] Do you all want a political treatment equal to that of the guerrillas?

[C.C.] If the guerrillas are recognized as having the status of political criminals, and if there is going to be a pardon for their having attacked the government and having been enemies of the state, they cannot consider us common criminals for having been aligned with the current system.

[SEMANA] There are analysts who think that, unlike the guerrillas, you all have not rebelled in arms against the state, but rather are rebelling in arms to defend your private interests...

[C.C.] Please! The fact is that we are not caretakers of estates; ours is not a family organization. It is a national counterinsurgent organization. The government must recognize that ours is not a legal organization, for obvious reasons, but is really legitimate. In fact, the right to a legitimate defense is an inalienable right of any human being.

[SEMANA] We have learned that, at one time, there was great sympathy on your part for the Samper government, but that, at present, what exists, rather, is a distancing resulting from the entire political crisis. What is the real situation?

[C.C.] We characterize ourselves as having respect for the government that can maintain itself in power. In the case of Doctor Samper, he was acquitted by over 100 members of Congress, who are the ones with access to everything. And, so long as he is acquitted, we consider him the supreme authority in Colombia. We are not fishing in troubled waters, like Mr. Alfonso Cano. We want to believe that justice was done, and that the president is innocent.

[SEMANA] How much have you all progressed in a rapprochement with the government? We understand that, on some occasions, you have met with Doctor Horacio Serpa.

[C.C.] Yes, on one occasion, I, personally, had the opportunity to sit down with Doctor Serpa, Monsignor Duarte Cancino, Carlos Rangel, and other officials of the Presidency. We were broaching the possibility of a disarmament. But I made it clear that I could not remain as a deserter, someone who fails all those who have supported our organization. I cannot seek a solution for my personal problems and leave all those people steeped in uncertainty. What we are saying is that any solution involving us is subject and parallel to what happens to the guerrillas. So long as there are guerrillas in Colombia, there will be self-defense groups in Colombia.

[SEMANA] What are the conditions that you all would set for a possible demobilization?

[C.C.] The most important one is that the guerrillas must be demobilized. I make the following proposal publicly to Mr. Cano: if the Guerrilla Coordinating Group makes a formal commitment not to commit one more kidnapping and not to extort another person, we are willing to talk with the government at any time, and to lay down our arms.

[SEMANA] Is it possible that, some day, the self-defense groups may be engaging in politics in the public square?

[C.C.] We have neither the capacity nor the knowledge for that type of activity. We do, in fact, support politicians who are identified with democracy and who do not sympathize with the guerrillas. There are some who sympathize with the left, as in the case of Doctor Serpa, but that does not concern us. On the contrary, we have great admiration for him, and have never labeled him a guerrilla fighter.

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[Box, pp 36-37]

The Rambo Legend

The country learned of Fidel Castano's existence owing to his many operations conducted against the subversive groups in the country, especially the FARC. The Castano Gil brothers have professed contempt and hatred for the latter organization since the kidnapping and subsequent murder of the father of the top-ranking self-defense groups' commanders in 1981, committed by that guerrilla group's Fourth Front. Castano has been linked by the authorities to the massacres that occurred on banana plantations in Uraba, Antioquia, and his name also appears in connection with certain terrorist acts committed by Medellin Cartel members.

According to Antioquia's regional prosecutor general's office, Fidel Castano has been summoned to stand trial for the attack on the Avianca plane on 27 November 1989, as well as for the murder of the ex-Conservative senator, Manuel Alfonso Ospina, in November 1988. He is further charged with being the perpetrator of an extortionary kidnapping and of aggravated homicide. Moreover, he has been summoned to stand trial, with a decree of accusation involving the deaths of 42 persons in Pueblo Bello during January 1990. He appears accused of the multiple abductions and murders of those individuals. Nevertheless, in March 1995 the National Supreme Court exonerated him of the responsibility for forming armed groups, and revoked the decree of accusation pertaining to the murder of Father Sergio Restrepo Jaramillo. There is also a 20-year sentence in absentia against him for the massacres on the Honduras and La Negra estates in March 1988. Finally, a preliminary investigation is under way based on the charge filed against him by Roberto Escobar, who accuses him of being the presumed chief of the so-called Pepes.

Both Fidel and Carlos Castano have been cited in these charges. The former claimed at the time that he had been acquitted of the massacres, and only had a 20-year sentence against him imposed by the Supreme Court for the crime of collusion to commit crime. In connection with the kidnapping and murder of the ex-congressman, Alfonso Ospina, he declared in his only interview with the news media: "I lent armed personnel to the retired Army captain, Elkin Henao, for some operations in the Middle Magdalena, and he used them behind my back to take care of Doctor Ospina during his captivity: all this in association with Pablo Escobar." Carlos Castano, for his part, told SEMANA that he was not connected with any of the massacres: "I have been linked to the attack on the Avianca plane, and I am absolutely certain that I will end up acquitted, because that was part of what Pablo Escobar called the legal war on those of us who were attacking him."

Ecuador

Ecuador: Ministry Says Explosives for Road Projects

PY1807193996 Quito Voz de Los Andes in Spanish 1700 GMT 18 Jul 96

[FBIS Translated Text] The Ecuadoran Defense Ministry has said the explosives found in Chile, en route for Ecuador, were acquired through legal means and will be used for road construction projects and not for warfare.

A Defense Ministry communique states that the explosives were imported from Argentina in compliance with international bid regulations. It adds that the ammonium gelignite will be used to in the building of four roads in Ecuador.

The shipment of explosives is not connected in any way whatsoever with the southern border dispute with Peru. The ship transporting the explosive — which is owned by the GranColombiana Merchant Fleet and is represented in Guayaquil by the TransFigo Transporting Company — is expected to arrive in Guayaquil next week. Guayaquil is a port located 420 km southwest of Quito.

Rear Admiral Fernando Donoso, Merchant Navy director, said there is no problem if the cargo complies with regulations. This is not be the first time Ecuador has imported explosives. We will comply with all international safety regulations the case demands.

Reports from Chile state that the 124 tonnes of explosives are under military custody at the San Antonio port, at 108 km west of Santiago.

Ecuador: Bucaram's Strengths, Weaknesses Analyzed

96SM0426A Quito EL COMERCIO in Spanish 8 Jul 96 p A3

[Received via Internet: "Bucaram Understood a Divided Country"]

[FBIS Translated Text] Quito. 8/7/96 — Something which cannot be denied about Abdala Bucaram is his coherence during the campaign for the runoff election. Although this might seem paradoxical in view of the unpredictable nature of his character, to this should be added his knowledge of himself and of the reality of the country. Within these parameters, Bucaram moved in a straight line in the runoff election. This coherence is

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based on the knowledge that his mastery of the speaking platform and of the popular style is superior to the performance that he might deliver with the so-called leaders of public opinion. These include the forums, the communications media — including journalists — and the professional associations.

His decisions were easy: he worked where he could win firm votes, and ignored the electorate that would never back him. That way he wasted no time. His difficulties in articulating specific policies before small, specialized groups, as he was asked to do on several occasions, were evident.

Therefore, he reduced to a minimum his appearances and meetings with small groups and the press. He did not even participate in any radio panels, and made only the most essential television appearances. In line with this policy, he refused to debate.

Of course, he did not neglect to seize upon key opportunities, such as the meeting with United States Ambassador Peter Romero. He established with Romero the parameters that a president in Latin America cannot disregard. On the other hand, Abdala Bucaram knows very well how to translate popular sentiment into a political speech: the pain of daily life as well as the way of looking at the elites who have neglected the country. And that is a theme he hit hard and often: on the platforms, on which he repeated up to four times a day a speech identically framed, visiting the most remote corners of the country. The speeches were unceasing during the 30 days of the campaign.

He never failed to recall what the rich have and what the poor do not have — in thousands of well-developed metaphors, from the point of view of popular sentiment. For example, the treatment of domestic workers by upper-class housewives, among other examples. He was unerring in knowing the situation in the country and how to portray it. And this speech revealed an Ecuador with 67 percent poor, who see no way out. His expression "With me, we will either sink or swim" is evidence of that. This strategy is what won over most of the votes that had gone to Freddy Ehlers, mainly in the rural part of the country.

This is why Bucaram won in all the provinces where Ehlers had led in he first round. In addition, in Bolivar — which had cast a majority vote for Nebot in the first round — the PRE [Ecuadoran Roldosist Party] managed to win. Only Guayas cast a majority vote for the Social Christian Party's candidate, and the margin was not overwhelming. And in order to obtain some support in the least popular electorate, he assigned that task to his running mate, Rosalia Arteaga.

To close the circle, the negative campaign against him helped in some circles, as it could be interpreted as evidence of the struggle between rich and poor in the country — which Bucaram exacerbated. So the basic errors that the Roldosist candidate committed when there were still a great many undecided voters in the Sierra — the alleged sabotage of the aircraft he was traveling in, the launching in Pichincha of the executive units project by his brother Santiago, and the remark in which he said he would like to see Nebot's daughters bathing in Yambo, like the Restrepo family — did not hurt him very much.

But the future seems more problematic. The Bucaram who will arrive at Carondelet on 10 August has many weaknesses.

One of them is that problems in handling relations with Congress will again arise. His 19 deputies can do nothing by themselves. Therefore, cooperation with other sectors will be essential.

It will be very difficult, if not impossible, to accomplish any specific legislative program with the Social Christians (26 deputies). It will be almost obligatory therefore to reach an agreement with the center left (DP [Popular Democracy Party], New Country movement, and ID [Democratic Left]). With them, he will have about 26 deputies. In addition, there will be the two deputies from the Alfarist Radical Front and the two from the APRE [Ecuadoran Revolutionary Popular Action], who have written agreements with the PRE. An alliance with the MPD [Democratic People's Movement] does not seem likely. This means that, at best, Abdala Bucaram will be able to count on 49 deputies. This will give him a simple majority, but not the two-thirds required to enact constitutional reforms, for example.

And this is if he manages to make these agreements. Because the three centrist parties will be taking care if they associate themselves with Roldosists. These parties know the political costs they can incur by an alliance with the current government.

The other great weakness of the Bucaram government — and perhaps the most significant one — is his team. The president-elect is very aware of the fact that he does not have a group of collaborators with which to govern. Therefore, during the campaign he tossed out names like confetti, of the most varied political tendencies. This presents him with an enormous political and personal challenge.

First, for him to formulate a policy line with a team so disparate as the one he has described: from Rodrigo Paz to Frank Vargas, passing through Roberto Isaias, does not seem easy. If there is no government policy,

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how will he manage to reconcile such a dissimilar team? Sixto Duran-Ballen had a policy line in economic matters, and the diversity of his team was one of the great weaknesses of his government. To this must be added the problems of continuity and a certain coherence.

If he does manage to muster sufficient good sense, the great barrier he will have to overcome is his character. Bucaram has fought with his closest friends, such as Alfredo Adum, because of his character. How will he manage to maintain a respectful attitude toward his ministers?

A third challenge for Bucaram are the commitments of state that must be observed. Ecuador cannot reconstitute itself every four years. And in economic matters as well as questions concerning the border, the president-elect will have to respect the existing agreements, whether he likes it or not.

His greatest dilemma will be in the economic field. If he enters into the agreements to which the country has committed itself internationally — as for example the letters of intent with the IMF — he will have to break many of the pacts he signed with the unions, Indians, and politicians during the runoff campaign.

These will be the first fissures in a government that will be watched with a microscope by political and social sectors, and by the press — while not forgetting foreign investors, without whose help the president's hands will be tied.

Ecuador: Bucaram's Administration 'Unpredictable'

96SM0426B Quito HOY in Spanish 8 Jul 96

[Commentary by Thalia Flores y Flores: "A Difficult Government To Predict" — received via Internet]

[FBIS Translated Text] "There are two possibilities with Bucaram: a populist-demagogic government or one of the ultraright, handed over to the international organizations," says a political analyst from the center left, who cancelled his ballot yesterday.

The government of President Abdala Bucaram Ortiz could be one of short term. The record of his mayoralty and that of his sister is there in the background, says ex-Vice President Leon Roldos Aguilera, who is worried over the lack of definition of the flamboyant president — who, during the campaign, "sent people from the center and the left to the debates, but announced on television the names of his collaborators, linked to the country's oligarchic right."

If Abdala Bucaram designates as finance minister Alvaro Noboa, son of Luis Noboa Naranjo, and Roberto Isaias, president of the Monetary Board, a member of the group that controls Filanbanco and several radio-television companies, the populist government will have ended before it started. In that event, the PRE [Ecuadoran Roldosist Party] leader will have succeeded in uniting the center left and the left in determined opposition, which the Social Christians will join.

Nevertheless, Bucaram's skill should not be underestimated. Throughout three campaigns he has given proof of a great ability for maneuver — very useful when it comes to striking agreements with other political forces. Therefore, it may not be impossible for him to form a congressional majority. The Budget Commission, the oversight organizations, the courts of justice, are some of the "temptations" with which one negotiates with certain political parties.

But because the Bucaram government has the obligation to keep its promises to the poor, whom it claims to represent, and as the state does not have the necessary resources, it cannot be ruled out that the monetary reserves might be used to finance social projects, at least during the first months, which would provide enough popularity to obtain the country's support.

But, how to face the agencies that provide the funds while, at the same time, being unable to satisfy the demands of Ecuadorians when there is no longer any money in the reserve? Those will be difficult times. This is why one analyst does not exclude Bucaram's acceding to the demands of the international agencies and becoming "more neoliberal than Freedman," in order to be able to obtain funds for his programs.

If this happens, Bucaram will become a tough ruler, who favors "stability" for the country — although the poor, who for 15 years he said he defended, now become part of those forgotten by their government. The facts will belie his speeches.

Therefore, there is the possibility that Bucaram's could become a violent government. The hopeless and those disappointed by his policies will be joined by his adversaries in the PSC [Social Christian Party] — who, with Leon Febres Cordero at their head, could become a real opposition demanding the fulfillment of Bucaram's promises, even to the extent of calling for street demonstrations and action in Congress.

Meanwhile, lacking guarantees, investors will abandon the country, sharpening the crisis created by distrust. Perhaps that is when Rosalia Arteaga will employ her skills as a politician with credibility and calm the storm. From the provinces, she can become a catalyst

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in difficult moments. In any event, Bucaram's is an unpredictable government.

Ecuador: Correction—Deputy Minister on Peace Process

PY1207202496 Buenos Aires CLARIN in Spanish 11 Jul 96 p 35

[Corrected version of interview with Deputy Foreign Minister Marcelo Fernandez de Cordoba by correspondent Alejandra Pataro in Quito, originally filed as PY1107222196 and published on pages 47-48 of the 12 July Latin America DAILY REPORT; date not given; changing "payment" to "step" in paragraph seven]

[FBIS Translated Text] Quito — Ecuadorans firmly believe that Peru does not want to achieve a definitive peace. As the saying goes here: "It is like having a neighbor who could knock on your door every day. Ecuador has to settle for this possibility."

Ecuadoran Deputy Foreign Minister Marcelo Fernandez de Cordoba prefers not to be as categorical, noting that "Ecuador has always expressed good faith for actually overcoming this problem." He did not mention Peru's stance.

Nevertheless, Fernandez de Cordoba explained to CLARIN one of the most serious disagreements that exist between the two countries, which would support the concept that Peru does not want to definitively solve the border conflict that dragged the two states into an undeclared war between January and February 1995.

The Ecuadoran deputy foreign minister explained: "As the Rio de Janeiro Agreement (on the delimitation of the conflictive zone in the Condor Mt. range) cannot be implemented because it disagrees with the geographic reality, the two sides notice that a bilateral agreement on this impasse will not be achieved."

In this regard, Ecuador proposed soliciting the peace guarantor countries (Argentina, Brazil, the United States, and Chile) to pass judgment on this issue. If this judgment is not accepted by anyone of the two sides, "Ecuador proposes submitting this issue to an eminent person so that this person will pass a definitive and binding judgment," said Fernandez de Cordoba, ruling out the possibility of Pope John Paul II becoming involved in this issue.

Peru proposes consulting the guarantor countries. The two sides might or might not accept the proposal raised by the guarantor countries. Fernandez de Cordoba noted: "The Peruvian proposal goes this far. The problem is that, if one of the sides says nay, we will not achieve a final solution."

Good Faith

Fernandez de Cordoba emphasized: "Ecuador has expressed good faith and willingness to actually achieve a solution to this problem by adding an additional step that will be binding for the two sides, regardless of the outcome."

Among so many stumbling blocks that are affecting the negotiations process, this issue will be reviewed this month by the Ecuadoran and Peruvian representatives in two meetings, one in Lima and another one in Brasilia.

The drawing up of a bilateral mechanism that will help the two nations to make honest arms purchases will be resumed during the Lima meeting.

The purchase of war materiel during the conflict generated yet more tension between the two countries and still represents a very irritating issue when sitting down at a negotiating table.

Peru's alleged arms purchase "has seriously worried us," the Ecuadoran deputy foreign minister said. He emphasized: "It is obvious. These reports were not released in Ecuador, but in Peru." Fernandez de Cordoba flatly refused to discuss Argentina's illegal arms sales to Ecuador during the war.

[Pataro] Do you believe the Peruvian newspapers are against solving the conflict?

[Fernandez de Cordoba] The Peruvian newspapers have been involved in various journalistic campaigns: one in December and another one in February. We have just gone through another journalistic campaign. These journalistic campaigns are not contributing at all to this process, as they are based on inaccurate reports. As an evidence, all the accusations that have been leveled against us have been gradually disowned.

[Pataro] What is exactly their goal?

[Fernandez de Cordoba] It is hard to tell in advance, but it is regrettable, as they cause concern to the inhabitants of the two countries and, at a given time, might tarnish the process. Despite these problems, the process has successfully been pursued so far.

Ecuador: Correction—Bucaram's First Official Visit

PY1007001496 Quito Voz de Los Andes in Spanish 2300 GMT 8 Jul 96

[Corrected version of item filed as PY0907034196, originally published on pages 46-47 of the 9 July Latin

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America DAILY REPORT; supplying dropped words between slantlines in fourth paragraph, only sentence]

[FBIS Translated Text] Ecuadoran virtual President-elect Abdala Bucaram will make his first official visit abroad in September, when he will attend the annual summit of the Rio Group in the Bolivian town of Cochabamba.

Bucaram's presence at that international summit was confirmed by the Rio Group pro tempore Secretariat, and by the other 13 presidents of countries that comprise the Rio Group.

On 7 July, Bucaram won the runoff elections in Ecuador, and will assume power in August. The 10th Rio Group summit will be held on 3 and 4 September, and will be preceded by a meeting of foreign ministers.

The presidents of Argentina, Bolivia, Brazil, Colombia, Costa Rica, Chile, Ecuador, Mexico, Panama, Paraguay, Peru, Uruguay, and Venezuela, and the prime minister of Trinidad and Tobago /will attend the meeting/.

Within the Rio Group Costa Rica represents the Central American countries, while Trinidad and Tobago represents the Caribbean countries.

Abdala Bucaram's presence at the forthcoming Rio Group summit on 3 and 4 September has been confirmed.

Paraguay

Paraguay: Helms-Burton Law Said International Violation

PY1807143496 Asuncion ABC COLOR in Spanish 18 Jul 96 p 12

[FBIS Translated Excerpt] Paraguay is against the Helms-Burton law, with which the United States wants to bring suit against third-country companies operating on U.S. property confiscated in Cuba after Fidel Castro seized power on 1 January 1960. Foreign Minister Ruben Melgarejo Lanzoni made this announcement on 17 July. [passage omitted]

The Paraguayan foreign minister told journalists: "We are categorically and firmly against the Helms-Burton law over its extraterritoriality and because it violates a basic principle of international law." [passage omitted]

Explaining the Paraguayan stance, Foreign Minister Melgarejo Lanzoni pointed out: "We are respectful and we also demand respect, especially bearing in mind our nation's character. Laws represent our best defense."

Mexico and Canada are major Cuban and U.S. trade partners.

Paraguay: President Orders Replacements Within Army

PY1807202396 Asuncion ABC COLOR in Spanish 18 Jul 96 p 2

[FBIS Translated Excerpt] The purge that followed the retirement and arrest of General Lino Oviedo continues to affect high-ranking Army officers. A general order signed on 17 July by President Juan Carlos Wasmosy replaces several high-ranking officers with others who were proposed by the current military leaders.

Through General Order No. 169, the Armed Forces Commander in chief on 17 July designated Colonel DEM [General Staff School Graduate] Ramon Aristides Velazquez Adorno as Artillery Commander of the 1st Army Corps, replacing Colonel DEM Teofilo Alberto Giubi Ferrari. The same order designates Colonel DEM Santiago Quinonez as commander of the "Coronel Mongelos" 3d Cavalry Regiment, replacing Colonel DEM Abel Omar Guerin Velazco.

Wasmosy also designated Colonel DEM Gustavo Adolfo Pineiro Saguier as commander of the Army Officers' Training School, replacing Colonel DEM Juan Eliseo Torres Alarcon.

The president also designated Col Teofilo Alberto Giubi Ferrari as artillery commander of the 3d Army Corps, replacing Colonel DEM Salvador Merardo Diaz Escobar. [passage omitted]

Peru

Peru: Samper's Visa Withdrawal Affects 'Political Balance'

PY1807135596 Lima EL COMERCIO in Spanish 13 Jul 96 p B2

[From the "Opinion" Page: "Samper and His Visa"]

[FBIS Translated Text] The withdrawal of the U.S. visa from Colombian President Ernesto Samper Pizano is a particularly serious event not only for Washington-Bogota bilateral relations but also for the subregional political balance.

In fact, the U.S. decision, announced through its main spokesman Nicholas Burns, has already been made.

As we reported in our commentary on this same page last week, it was obvious that the political-diplomatic escalation that began with the repeated U.S. request to extradite Colombian traffickers who committed crimes there could not end in a different manner.

Samper's prestige is in the middle of the problem. It is obvious for the Clinton administration that during

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his electoral campaign Samper was linked to drug-trafficking rings. They also say in Washington that there is concrete evidence of how the Colombian president, from his government position, favored such abominable allies.

In Santa Fe de Bogota this perception has been flatly rejected, and it is said that any problem in this regard has already been cleared during the impeachment proceedings to which the president was submitted.

Consequently, Foreign Minister Rodrigo Pardo now talks about the internal astonishment the people have experienced as a consequence of the withdrawal of the president's visa; and Samper has once again defended himself by referring to the "lack of international understanding" of the Colombian antidrug fight.

On other levels of society there is much practical concern over the possible effects of this action; and this is because although Venezuela is one of the main markets for Colombian products, the United States undoubtedly also represents the natural space for exports of several types of products, such as coffee; and it cannot be forgotten that the main support for industries also comes from the United States.

In fact, migration flow has dropped over the past few days, and tourism has been one of the sectors most affected by that measure.

As things are now, it could be said that the Clinton administration is knocking on the doors of the Colombian internal front to force Samper to resign as a result of the profound economic crisis and also perhaps because of a possible trade embargo.

Of course, it is obvious from the Latin American perspective that any U.S. meddling attempt in domestic affairs of our countries must be rejected. If this reaches the point of a trade embargo or blockade, the situation should be treated within the OAS where the rejection will again be repeated, as it was done against the Helms-Burton law.

Unfortunately, however, today we must reaffirm what we said seven days ago: It is not easy to assume an immediate Latin American position to support Samper because his political profile has obviously been tarnished.

As we understand it, and considering the opinion of the Colombian opposition congressmen, as well as of several observers from the international press, the impeachment proceedings against Samper was not conducted based on respect for law and was not broad enough as to include the views of all parties. Thus, it was not possible to demonstrate the president's full guilt, but his personal innocence was not thoroughly proven either.

But it is obvious that the Liberal Party was linked to drug-trafficking rings during the campaign and this is something no one would dare deny at this point. There is a former foreign minister from Bogota who had called Colombia the greatest "narcodemocracy" of the world; and here we also have former Defense Minister Jorge Botero, who is gradually telling the whole story from his jail cell.

Moreover, the withdrawal of the visa is not something that is done only against Samper. Not long ago a former Colombian Ambassador to Mexico also had his visa withdrawn, and some other personalities have also suffered that shameful "punishment" from the State Department.

Thus, this crisis with the United States to a great extent is due to Samper himself, who will probably maintain his official post, but virtually without any moral authority for a Colombian Republic which has had its democratic tradition adversely affected.

In sum, Samper should have resigned. And today he can still do so, not because he is guilty (the doubt will always remain) but as an expression of patriotism, because beyond his stance of one who has been offended, the truth is that his country is today facing a painful crisis of governability, of which only the subversives of the extinct communism and of drug trafficking will benefit.

Latin American governments, then, must keep a watchful attitude to prevent this from happening. The White House cannot be allowed to meddle in our domestic affairs and to set policies we must follow. But we can neither be accused of being heedless considering the case of a man whose prestige has at least been downgraded. Thus, any future gesture of solidarity will have to be expressed with the people of Colombia and those sound institutions that might represent them, but not with an administration as that of Samper.

Thus, the message from the subregion to Clinton's strategists must be precise: careful in establishing risky initiatives. Latin America wants to cooperate objectively with the United States; but it must never again be considered the U.S. "backyard."

Peru: Argentina's Camilion Resignation Said 'Good Signal'

PY1807212996 Lima America Television Network in Spanish 0100 GMT 18 Jul 96

[FBIS Translated Excerpt] During a visit to Cuzco and Apurima yesterday, President Alberto Fujimori

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commented on the resignation tendered by Argentine Defense Minister Oscar Camilion. [passage omitted]

The head of state termed Camilion's resignation a good signal indicating that Argentine President Carlos Menem is genuinely interested in clearing up the scandal of the sale of Argentine weapons to Ecuador during the armed conflict which occurred in the Upper Cenepa River area.

Peru: Fujimori on Arms Deal, Drugs, Economy

PY1807233696 Buenos Aires CLARIN in Spanish 14 Jul 96 Section 2 p 2

[Interview with President Alberto Fujimori by special correspondent Lucas Guagnini at Government House, in Lima; date not given]

[FBIS Translated Excerpt] [Guagnini] The illegal sale of arms to Ecuador is considered not only a corrupt act, but also the treason of a historic military ally, is it not?

[Fujimori] The sale of arms did not constitute treason against Peru. Better, it was an incident that was not in accordance with what Peru and Argentina always maintained.

[Guagnini] Here in Lima, people on the streets speak about "treason."

[Fujimori] We were disappointed to see it happening in the midst of a conflict and when there was an agreement forbidding that type of arm deals, particularly because Argentina is a guarantor of the peace treaty between Peru and Ecuador. Of course, we were disappointed. Everybody knows that our relations with Argentina have always been at a high level, particularly during the Malvinas conflict.

[Guagnini] People in Buenos Aires thought the Peruvian Government reaction was lukewarm or cold. Peru did not do anything at the international or diplomatic levels.

[Fujimori] We trust President Menem's government will find and punish those responsible. That has been our position and now I confirm it to you. It is a fair position that seeks to prevent damaging our relations further. We will not discuss the details of the investigation.

[Guagnini] Do you not think that the investigation is rather slow to produce results?

[Fujimori] We expect the investigation will uncover who was responsible. The Argentine investigation will determine the rank of that individual. We do not want to guess what position that person might have. [passage omitted]

[Guagnini] Are your assistants already thinking about a third term?

[Fujimori] (Laughs) I saw the signs on Menem's birthday with a 66 and a 99 on it. I have just started my second term and I have still not thought about that.

[Guagnini] But the 60 percent support with which you started this term gives you enough room to think about future elections.

[Fujimori] No, no, no. Here what we need is work. Political interests can distort your objectives during electoral campaigns. This is why we do think about reelection. We must work. I still did not finish the first year of this mandate. [passage omitted]

Narco-Military and Shining Path

[Guagnini] What is your opinion about the drug-trafficking cases involving active duty military men?

[Fujimori] I admit that drug traffickers have infiltrated the Armed Forces. This is true. Drug traffickers have infiltrated national institutions everywhere in the world. This problem does not affect only Peru. We investigate our cases. You have seen that the Peruvian Air Force commander himself filed the report [on the narco-plane case].

[Guagnini] But the "infiltration" seems to have touched high levels.

[Fujimori] It would not surprise me if drug traffickers are infiltrated in Argentine or U.S. institutions as well. The good thing about Peru is that we discovered them. I cannot understand how so much drugs enters the United States without being detected. Here we have been seizing drugs in record quantities. These cases are positive because they are discovered in time.

[Guagnini] Up to what levels are the Armed Forces infiltrated?

[Fujimori] I cannot give a definitive answer, but the investigation continues. So far the attorney general's office has implicated only people in technical levels, but we do not rule out the possibility of the involvement of some officers. So far, the five crew members — that is, the colonel, the pilots, and the person who was my aide-de-camp — have been found not to be responsible.

[Guagnini] It has always been said that the terrorist group Shining Path obtained the funds it needed from drug trafficking. Do you think this continues to be so today?

[Fujimori] Regrettably we still have some groups of Shining Path followers in isolated jungle zones. There are still some columns. We tenaciously persecute them, and the Army has suffered some casualties. It is probable that their relations with drug traffickers is now

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reduced, but we have not ruled out the possibility that drug traffickers continue paying "coupons" for shipping drugs.

Where are the Cases of Corruption? [passage omitted]

[Guagnini] At this time there are a number of scandals involving corruption and the state reform, implicating your administration. The same thing happens in Argentina and in Mexico, two countries with similar economic paths. Is corruption one of the costs of neoliberal reforms?

[Fujimori] In Peru the number of cases of corruption dropped considerably. We have corruption, but a much lower scale. We cannot compare the millions of dollars involved in corruption cases in Mexico with embezzlements totalling $100,000 or $200,000, as in the cases we have in Peru. We cannot compare our cases of corruption or drug trafficking.

[Guagnini] In the case of the Peruvian state insurance company Popular and Future, people speak about amounts higher than $60 million in overvalued policies.

[Fujimori] I deny those reports. Behind those reports there are certain interests because the company could be eventually privatized. What we have here is manipulation and corruption working for certain interests to reduce the company price. It is a smear campaign.

Costs of the Adjustment

[Guagnini] There are other problems besides corruption that are common in Latin American countries, such as unemployment and the educational crisis.

[Fujimori] The comparison is not applicable here either. If you compare the school days lost in Argentina every year with what we lose here you will see that there are no comparisons. In Peru we only had a two day strike, and for a just cause because teachers are not paid well. But the state does not have money to pay them more and we will not print bills for that purpose.

[Guagnini] Economic adjustments always affect education and social programs for the poor. Don't tell me that this process has not provoked problems.

[Fujimori] No, but these problems have come to the fore now because in the past they were covered by a state policy of granting subsidies and postponing solutions. When you face the problem head on, and take off the covers, you realize that everything was rotten underneath. You cannot blame the adjustment model for those problems, you must point your finger at the stagnation we suffered in the past.

[Guagnini] You are the president. You have been deciding what to do with the money for the past six years. When you do that you decide where the adjustment is going to hit.

[Fujimori] I am going to tell you something: I do not believe in a beautiful macroeconomic program that exists alongside chronic, hidden social problems. That is what we must change. I believe in a program with stable indexes, but accompanied by social programs. I think this must be the case everywhere. The economic model is a failure if the benefits do not reach the large masses. Of course, it takes time, but we must work to spread the benefits faster.

"No One Can Criticize Us" [passage omitted]

[Guagnini] Peru does not have a strong opposition now. Do you think it is good?

[Fujimori] I'd rather say it is a good signal. In fact, considering the government policy, in which everything is done with technical support, with figures and in the clearest possible way, traditional politics cannot adopt an opposite stance. Who can criticize us over the problem of education or poverty?

[Guagnini] You consider that "opposition" is equivalent to "criticism." Don't you think that dissent is useful in politics?

[Fujimori] Look, I believe it is good to make adjustments to the government work. The point is that there are no alternatives to what is being done. What is the alternative to privatization? What is the alternative to the current economic program? It is true that there are corruption and mistakes. We do admit that. Yet all that must be supported by evidence.

[Guagnini] Won't power blind you without opposition? If no one opposes your decisions, you will always believe that you are right.

[Fujimori] That is valid in other systems. However, now we do not have the traditional system that we had in Peru, with political parties. Parties did form closed elites. Now there is no such confrontation of parties. Instead, everyone participates. I will give you a concrete example. In my cabinet there is not one single person from my own circle.

[Guagnini] And what about Minister Jaime Yoshiyama? He was president of the Constituent Assembly for your party in 1990. He was your candidate for mayor of Lima, and he represented your party in Congress for three years.

[Fujimori] Well, he did have continuity. Yet all the others are technocrats. There are seven engineers, two

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military men, and three lawyers. All of them are experienced, they are not politicians and they work on the basis of figures and background support. They are managers.

[Guagnini] Is your vision of politics based on scientism?

[Fujimori] No, perhaps it is a bit close to that of a technocrat. [passage omitted]

Peru: Poll Shows Slight Drop in Fujimori's Popularity

PY1807202296 Lima EXPRESO in Spanish 7 Jul 96 p 4A

[FBIS Translated Text] A poll by Analysts and Consultants shows that if the presidential elections were held tomorrow, Lima Mayor Alberto Andrade would obtain 26.6 percent and President Alberto Fujimori would obtain 24.3 percent. The president's popularity has dropped compared with June, when 27.8 percent of voters favored him, while Andrade surpassed the 22.3 percent index of June.

Presidency Minister Jaime Yoshiyama obtained 7.3 percent, some 4 percent more than in the previous month.

Luis Castaneda Lossio and Carlos Bolona dropped by 7.7 and 5.5 percent, respectively.

Analysts and Consultants President Bernardo Verjovsky said the drop in Castaneda Lossio's rating follows his departure from the IPSS [Peruvian Social Security Institute], and so he no longer appears on the media.

President Fujimori's performance dropped from 59.8 percent in June to 56.3 percent. The rejection rate grew from 30 percent in June to 36 percent. The proportion of undecided voters dropped from 9.8 to 7.8 percent.

The low-income population — known as the "D" level — continues to most strongly support the president, while the most reluctant are in the "C" level.

Verjovsky said the drop — some six percent in four months — is "a slow, sustained drop with little significance," adding that "in six years of government, it is not possible to maintain the high approval rating that the president had."

Asked about future relations with Ecuador following the election of Abdala Bucaram, 32.8 percent of those polled said they will improve, 36.3 percent said they will remain the same, and only 17.3 percent said they will worsen.

Peru: Police Officers Use Key Posts To Get Money

PY1907011696 Lima EXPRESO in Spanish 7 Jul 96 p A6

[FBIS Summary] Some police officers are said to be willing to pay up to $5,000 for key positions in emergency border zones, and in districts where drug trafficking, prostitution, and sale of illegal articles prevail.

The key positions are located in Corcona, central highway, which is used to bring in drugs and to take out chemical precursors, and in Ancon and Pucusana which are used for smuggling and are hideouts for fugitives from justice. Becoming chief of a police post in those places can cost from $2,000 to $3,000, in addition to the royalties, obtained from bribes daily, that must be paid to the "sponsor" regularly.

Another post for which the same amount is paid is for being chief of the highway patrol, which carries out control operation up to Canete in the south, Barranco in the north, and Matucana in the central region. Other key posts are in San Antonio de Putina, Desaguadero, Juliaca and Huancane where all kinds of merchandise are smuggled, including explosives. According to a poll carried out in Cedro among coca growers, 53.2 percent of the growers "never had any contact with the police," and 26.5 percent "never had any problems with the police." There must have been "arrangements" because drug production did not stop.

Peru: Editorial Views Corruption Charges Against VP

PY1907022696 Lima EL COMERCIO in Spanish 14 Jul 96 p A2

[Editorial: "Trafficking in Influence"]

[FBIS Translated Text] The attorney general three days ago filed a lawsuit against Cesar Paredes Canto, the second Vice President of the Republic, on charges of graft and malfeasance in office.

The lawsuit was filed with the judicial branch by Attorney Mirtha Chenguayen Guevara, of the sixth Provincial Court of Lima, who was designated ad hoc attorney for the case.

The folder, which is being kept under strict secrecy, was submitted by the Assistant Attorney General. The officials of the Reception Board submitted it to the 28th Penal Court of Lima, which is headed by Judge Julian Jeri Cisneros, who will hear the case.

Those are the facts and circumstances of the trial that must begin now.

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It should be noted that Mr. Paredes Canto is also the rector of the University of Cajamarca and the president of the National Assembly of Rectors. This last position leaves him in a very uncomfortable position, because of his proven links with top ranking officials and authorities (either retired or on active duty) of the universities of San Martin de Porres and Ricardo Palma, whose involvement in very serious crimes is being investigated.

As is known to the public, the investigations by the Attorney General on the alleged trafficking in influences were prompted by a mass media report published some three months ago. The report dealt with a letter of recommendation that the second Vice President submitted to the then Transport and Communications Minister Manuel Vara Ochoa — currently a presidential adviser — asking him to expedite and extend the flight permits granted to "Export Air," a foreign airline dedicated to cargo transportation.

When it was made, the accusation scandalized people. This, however, did not make Congress adopt tighter control measures. In fact, Congress declined to designate the respective investigative committee. Up until the intervention by the Attorney General, the only consequence had been the resignation of a couple of low-ranking officials form the transport sector.

Obviously, a letter of that kind, signed by a high-ranking official and addressed to one of the men in charge of implementing the government policy, is totally inappropriate. The interest demonstrated by Mr. Paredes Canto might constitute a crime of graft, in connection with an illegal negotiation, because government officials are specifically forbidden from taking steps to favor private interests before the administration (Articles 400 of the Penal Code and 99 of the Constitution).

After the investigation started, an aggravating detail emerged: the involvement — which has already been proven — of the transport firm in the trafficking of arms to the detriment of Peru, which was made from Argentina to Ecuador, in the middle of the Cenepa river conflict, in January 1995. Even worse, the actions by Mr. Paredes Canto also indirectly benefited the "Fine Air" enterprise, which is closely linked with the other firm and which is also involved in the sale of Argentine arms during the conflict.

The conclusion of this deplorable affair is that it is inappropriate for public officials to use their jobs to exert influence on government offices, concerning the scope that the latter must give to their management decisions, to favor some specific interests.

It is a vicious practice far too common among us — despite all the moralization protests that are usually made — a practice that becomes more intense in circumstances like those prevailing now, in which an executive branch openly predominates over the other sectors of the administration, and over the other branches of government.

The fact that he acted in good faith, as Mr. Paredes Canto has claimed, might be an attenuating factor, if he can prove it. Yet in no way can it justify an illegal action, which is aggravated by the high-ranking position of the person who did it, and by the poor moral qualification of the eventual beneficiaries.

Even though Mr. Paredes Canto has only now hinted that he might resign — a decision that would have undoubtedly been appropriate — he has just announced that he will submit himself to the court. This is apparently the only appropriate decision that he might make.

We obviously do not intend to give an opinion on whether the second vice president is guilty or innocent, because this matter must be exclusively addressed by the judicial branch. This branch will issue a verdict clarifying the issue, after a trial with all legal guarantees, after the respective evidence has been supplied and after the defense has taken all the necessary steps.

Peru: Correction—Article Views Fujimori's Isolation

PY1607022396 Lima EXPRESO in Spanish 5 Jul 96 p A2

[Corrected version, originally filed as PY1207005096 and published on pages 51-52 of the 12 July Latin America DAILY REPORT; rewording passage within slantlines in paragraph six for clarity]

[Article by Manuel D'Ornellas: "The Ivory Tower"]

[FBIS Translated Text] Peru's leading newspapers have published editorials about the cut in the number of shares in Telefonica of Peru [telephone company] local investors are allowed to hold. With one voice, they have all opposed, as never before, such measure.

All Peruvian commentators who have some standing in the community have voiced an opinion on this subject and have also disagreed with the government's decision.

All business unions have made their opinion heard through Confiep [National Confederation of Private Business], an umbrella organization, and have criticized the Fujimori administration arguing that foreign investors who want to buy shares in Telefonica of Peru — which are trading successfully on the New York

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Stock Exchange — stand to benefit the most from this measure.

All, or nearly all, leading bankers of our country who are involved in this issue have joined with reporters, newspapers, analysts, and businessmen in raising their voices against the government's measure and stated that the incumbent administration's stance on this subject has been most regrettable at best. Yet, if one takes into account the figures which were released yesterday, the Fujimori administration does not listen to any of these voices. Against all the odds, the present administration is pushing ahead the plan to reduce the quota allotted to domestic shareholders, which EXPRESO newspaper terms on the front page of today's edition a citizens' "nonparticipation" process.

What has happened to the incumbent administration, which used to be attentive to popular opinion, so much so that one of the criticism [former Economy and Finance Minister] Carlos Bolona had of the head of state before leaving the cabinet was his obsession with public opinion polls?' Has the administration gone to the opposite extreme leaving aside its excessive concern about keeping its finger on the pulse in order to shut itself up in an impregnable ivory tower?

President Alberto Fujimori lives — like nearly all Peruvian heads of state and their inner circle after being in office for some years — increasingly isolated. The chief executive and his aides only listen to each other and to those who /know how to make them listen/.

In this case in point, they have listened to those who convinced them of the fact that it was more important to pull off a great coup in the eyes of foreign investors and financial advisers than to please Peruvian investors and thus open the door to popular capitalism.

Venezuela

Venezuela: Minister Pleased With Clinton Decision on Cuba

PA1907001596 Caracas EL NACIONAL in Spanish 18 Jul 96 p D4

[FBIS Translated Text] Foreign Minister Miguel Angel Burelli Rivas has expressed his satisfaction with President Clinton's decision to delay for six months the right to file suits against foreign firms profiting from properties confiscated from U.S. citizens in Cuba, as stipulated in the Helms-Burton law, which intensifies the embargo against Cuba.

- I celebrate this intelligent gesture President Clinton has made: I believe this is a victory, particularly in the United States, and I hope it is final.

- Do you think this was because of the upcoming elections in that country?

- U.S. elections affect the entire world. That is why I have said, as a joke, U.S. elections are so important that all countries in the world should vote there.

Venezuela: Drug Trafficking in Falcon State Viewed

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[FBIS Translated Text] "For a number of years the drug traffic has been penetrating the east coast of Falcon state in the municipalities of De Silva and Monsenor Iturriza, where planes drop crates of drugs which are then picked up by traffickers from Valencia driving BMW's."

This statement was made by Mariana Sulbaran, director of the Cuare Wildlife Refuge operated by Profauna [Autonomous Fauna Service] of the MARNR [Ministry of the Environment and Natural Renewable Resources], during the closing period of the seminar "Raising Awareness of Security and Defense Issues," which was sponsored by Pequiven [Petrochemical Company of Venezuela, Inc.] in Puerto Cabello, Carabobo state. "The drug traffic has been systematically using the Falcon coast to unload drug shipments brought to Venezuelan territory by planes. They drop large crates from these planes to the coastal region, and the crates are then picked up by mafia people. These people use luxury vehicles that are always driven by the same people who continuously repeat this operation," said the MARNR official.

Narcoresort or Money Laundering?

In addition to using the Falcon coast for drug trafficking, Mariana Sulbaran reported that in Chichiriviche, capital of the municipality of Monsenor Iturriza, the drug traffic has become involved, through money laundering, in the construction of hotel complexes involving huge investments.

She added that for some years, in towns on the east coast of Falcon — especially in Tucacas, Chichiriviche, Mirimire, and San Juan de los Cayos — large housing complexes and tourist developments have been built and still more are now in progress. Given this situation, the director of the Cuare Wildlife Refuge asked: "Where is all the money to build these huge complexes coming from?' Mariana Sulbaran said that a second question arises about the investments being made in this coastal state — which, as many people know, are "easy money" being laundered in our country. Her question concerns

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the lack of presence and action by the appropriate authorities to deal with this situation, which is apparently an open secret. "In Falcon everybody knows there is a high level of drug trafficking in this region. We have even spotted a number of planes trafficking in the area. Crates of drugs have been found on the shores of Playa Norte and Los Cocos, in the Chichiriviche area. We have seen them trafficking. I have seen people driving the latest model luxury vehicles, driving around mysteriously for an entire week. There are five or six BMWs, each driven by a single person, traveling throughout the area from Valencia, going through all the local checkpoints, Tucacas, Chichiriviche, and San Juan de Los Cayos," she said.

She insisted that Falcon's drug trafficking problem is obvious and that urgent assistance is needed from the GN [National Guard] to work with the local government and the community in general, since the Falcon coasts are tourist attractions *par excellence*, and the drug sales are directed toward tourists.

In relation to the vigilance that should be maintained in the area by the National Guard, the MARNR official said it is difficult to maintain vigilance in cases of environmental crimes and drug trafficking. She said that her job requires working with troops from the GN, and she has observed that the detachments located near the refuge are totally neglected. "The Tucacas command depends on all the others; that of Chichiriviche, in which I am particularly interested, depends on San Juan de los Cayos. I am concerned about the lack of equipment, vehicles, and, especially, of troops, because there are only three or four guards stationed there," added Mariana Sulbaran.

"I do not think that what I am going to say will be news to the National Guard's top leadership, but this area on the east coast of Falcon state is under a fairly intensive attack or invasion by the drug traffic," concluded the ministry official.

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